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Volume No. 4

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

BUDGET ESTIMATES

Fiscal Year

1947

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(g) Exportation and Domestic Consumption of Agricultural Commodities

Appropriation Act, 1946		$114,274,626
Budget estimate for 1947:		
30% of custom receipts for calendar year 1945	118,000,000	
Reappropriation of prior year balances	88,000,000	
Total anticipated available for Section 32 purposes, 1947		206,000,000
Change for 1947:		
Overtime decrease	-112,310	
Increase	91,837,684	+91,725,374

PROJECT STATEMENT

Project	1945 a/	a/ 1946 (estimated)	1947 (estimated)	Increase or decrease
1. Purchase of agricultural commodities for distribution through State welfare agencies	$8,330,817	$12,789,312	$12,789,312	- -
2. Encouragement of export of agricultural commodities program payments	4,165,876	30,900,000	30,900,000	- -
3. Diversion of agricultural commodities to by-products and new uses	556,263	7,600,000	7,600,000	- -
4. School lunch and milk programs	47,844,050	57,500,000	50,000,000	-$7,500,000 (1)
5. For disposal of agricultural commodities under the above projects or other means authorized by Section 32 of the Act of August 24, 1935 as amended	- -	- -	99,358,889	+99,358,889 (2)
6. Administration of exportation and domestic consumption of agricultural commodities including marketing agreements, orders and other authorized activities	3,115,830	5,064,228	5,091,228	+27,000 (3)

(Continued on next page)

Project	1945 a/	a/ 1946 (estimated)	1947 (estimated)	Increase or decrease
7. Overtime pay.....	$460,960	$112,310	- -	-$112,310
Allotted to:				
Extension Service ..	+6,882	+8,790	+$8,790	- -
Office of Foreign Agricultural Relations	+34,606	+39,022	+39,022	- -
Bureau of Human Nutrition and Home Economics	+16,334	- -	- -	- -
Transferred to:				
"Salaries and expenses: Office of Information: Department of Agriculture"	+11,355	- -	- -	- -
"Printing and binding, Department of Agriculture"	+175,000	+175,000	+175,000	- -
"Exportation and domestic consumption of agricultural commodities (transfer to Interior, Fish and Wildlife Service)" .	+45,000	+45,000	- -	-45,000 (4)
"Salaries and expenses: Division of Disbursement", Treasury Department"	+21,618	+38,346	+35,195	-3,151 (5)
"Printing and binding, Division of Disbursement", Treasury Department	+380	+752	+752	- -
"Salaries and expenses: Office of the Treasurer of the United States"	+2,375	+1,666	+1,612	-54 (5)
"Printing and binding, Office of the Treasurer of the United States"	+225	+200	+200	- -
Covered into Treasury as miscellaneous receipts, Public Law 529	+4,395	- -	- -	- -
Total available for Section 32 Programs ..	64,791,966	114,274,626	206,000,000	+91,725,374

(Continued on next page)

Project	1945 a/	a/ 1946 (estimated)	1947 (estimated)	Increase or decrease
Reappropriation of prior year balance for 1947	- -	- -	-33,484,858	
Reappropriation of 1945 balance for 1947	+54,515,142	- -	-54,515,142	
Total estimate or appropriation ...	119,307,108	114,274,626	118,000,000	

a/ Individual allotments and transfers in 1945 and 1946 exclude overtime costs, which are included in the amounts shown under project 7.

INCREASES OR DECREASES

The net increase of $91,725,374 in this item for 1947 consists of the $112,310 decrease for overtime, and the following:

(1) A decrease of $7,500,000 in the project "School lunch and milk programs" due to the inclusion of this amount in the First Deficiency Appropriation Act, 1946, for which no similar increase is provided in Budget for 1947.

(2) An increase of $99,358,889 as an aid to price support through the purposes and activities authorized under Section 32, and for the removal of agricultural surpluses as provided under the Act.

Problem and its Significance: The volume of activities and the extent that Section 32 is used, except for the School Lunch Program, varies directly in proportion to crop yields and the demand for agricultural products. It is difficult if not impossible to forecast accurately what crop yields will be in any one year due to unpredictables such as weather, insect and other infestations, etc.

It is equally impossible to foretell accurately the demands for agricultural commodities. Employment and the level of national income, for example, have a decided effect on the demand for food products, yet it is impossible to determine what the level of employment will be in 1947. Changes in industrial activity affect the demand for food and other farm products. Foreign requirements are at present a very large factor in forecasting demand. Undoubtedly foreign demand will be large for most commodities until the 1946 crop is harvested; thereafter the foreign demand will depend on (1) the foreign exchange available, (2) the amount used by importing countries for food grown in the United States, and (3) levels of agricultural production in foreign countries.

If the levels of employment and national income in this country do not remain high, and if foreign exchange is not available for the purchase of our agricultural products, then the demand will be

ineffective and surpluses could result. It is for these reasons that it is considered advisable and important to have these funds available as an assurance that the Federal Government is prepared to assist in carrying out the price support mandates of the Congress, and to remove from the market, by appropriate means, any surpluses that may develop.

Likewise, it is not possible to forecase with any degree of accuracy what types of programs would be required to effectuate the purposes of Section 32; that is, whether a purchase, export, diversion or other program would be best suited to dispose of any such surpluses and at the same time guarantee to the producer a fair return.

For these reasons, these funds are presented in a separate project for use, if necessary, by any of the methods available for carrying out the purposes of Section 32.

(3) An increase of $27,000 for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only part of the fiscal year 1946.

(4) A decrease of $45,000 in transfers to the Fish and Wildlife Service, Department of Interior. It is not contemplated that this transfer will be required during the fiscal year 1947.

(5) Decreases totaling $3,205 in transfers to the Division of Disbursements, Treasury Department and the Office of the Treasurer of the United States due to the decreased requirements of those offices in connection with check issuance and handling charges.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Change No.	
1	[Not] To enable the Secretary to further carry out the provisions of section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612 (c)), and subject to all provisions of law, relating to the expenditure of funds appropriated by such section 32, there is hereby reappropriated for the fiscal year 1947 the unobligated balances of the funds made available for the purposes of such section 32 for the fiscal years 1944, 1945 and 1946. Such sums shall be in addition to, and not in substitution for, other appropriations made by or for the purposes of such section 32: Provided, That not exceeding $50,000,000 of the funds appropriated by and pursuant to

Change No.	
2	such Section 32 [, as amended, of the Act of August 24, 1935 (7 U.S.C. 612 (c)),] may also be used during the current fiscal year to provide food for consumption by children in nonprofit schools of high-school grade or under and for child-care centers * * * Provided further, That such sponsoring agency shall maintain accounts and records clearly establishing costs of agricultural commodities or products furnished in the program and that such accounts and records shall be available for audit by representatives of the
3	Department [of Agriculture]: Provided further, * * *
4	[The limitation of $50,000,000 for the objects and for the purposes of the item "School lunch program" contained in the Department of Agriculture Appropriation Act, 1946, is increased by $7,500,000.]

The first change in language deletes the word "not" and inserts language providing for the reappropriation of the unobligated balances of 1944, 1945, and 1946 funds, estimated at $88,000,000 for the further disposal of agricultural commodities as authorized by Section 32 of the Act of August 24, 1935, as amended. The need for this reappropriation has been discussed previously in these Explanatory Notes.

The second change inserts the word "such" and deletes "as amended, of the Act of August 24, 1935 (7 U.S.C. 612 (c)). These changes are for the purpose of shortening and simplifying the wording of the item since the citation to the authority for this appropriation has been inserted at a previous point in the item (see change No. 1).

The third change deletes the words "of Agriculture" to shorten and simplify the wording of the item.

The fourth change deletes the provision contained in the First Deficiency Appropriation Act, 1946, which authorizes the use of an additional $7,500,000 of the funds appropriated in 1946 by Section 32 of the Act of August 24, 1945 for the school lunch program.

WORK UNDER THIS APPROPRIATION

Objective: Pursuant to Section 32, Public Law 320, 74th Congress, approved August 24, 1935, to encourage exportation and domestic consumption of foods and agricultural commodities, to assist in maintaining adequate prices to growers, to stabilize the agricultural commodity market, to reduce surpluses of such commodities, and reduce wastage of food.

The Problem and its Significance: There have been times when the prices for certain agricultural commodities have fallen to such a level that the income from their sale would not even pay the cost of harvesting and marketing the crop. Even at the present time, when demands for food are the greatest in history, local surpluses occur. It sometimes happens that a local area is dependent for a greater part of its income on a single or limited variety of seasonable crops. Surpluses, which are price-depressing will strike such an area's economy so seriously that it will be impossible for the locality to cope with the problem. Both the problem and its solution are of national scope because those localities most in need of assistance are often least able to help themselves.

Abnormal production, combined with shortages of marketing and transportation facilities and large carry-overs of late crops competing with early crops, invariably creates sporadic market gluts which would demoralize the markets and result in food wastage and losses to the producers if machinery to deal with the problems were not available.

In addition to local and seasonal surpluses, markets become glutted because of inadequate storage space, poor labor conditions, and overtaxed processing and transportation facilities.

Many agricultural commodities and by-products serve valuable purposes in secondary channels. In addition to relieving farm surpluses, valuable and much needed foods and materials can be obtained by diverting agricultural commodities to such uses.

During the past few years American exporters have had to face increasingly keen competition in the world market. The encouragement of exportation of agricultural commodities operates to preserve foreign markets for American growers and processors.

These problems may be intensified due to an anticipated decrease in the total requirements for agricultural commodities during the fiscal year 1947. Requirements of the Armed Forces and foreign countries, which have drawn heavily upon our stocks in the past, presumably will not continue at the present rate; lend-lease deliveries will have been completed. Since our production has been geared to high levels, and prices on certain commodities have been guaranteed for a period of two years following January 1 after termination of the war, it is not inconceivable that more surpluses will develop. A real need exists to expand market outlets to the fullest possible extent, particularly in view of the fact that it is more economical to dispose of surpluses through these outlets than through acquiring commodities directly by purchase.

In order to carry out the purposes of Section 32 of the Act of August 24, 1945, the following methods were used and programs were in operation during the fiscal year 1945:

Project 1. Purchase of Agricultural Commodities for Distribution Through State Welfare Agencies

General Plan: Commodities acquired by purchase are delivered directly to State, county, or local welfare departments, public or private eleemosynary institutions, or to schools and non-profit child feeding centers none of which alter their purchases in the regular market. The terms and conditions for each purchase include the following: Designation of area and method of purchase, the maximum quantity to be purchased, the maximum expenditure to be made, the grade to be accepted, the classes of vendors from whom purchases might be made, and the maximum and minimum prices to be paid.

Examples of Progress and Current Programs: During the fiscal year 1945 a total of 200,634,085 pounds of food commodities purchased through the operation of this program were distributed--95,034,545 pounds or 47 percent through schools and child care centers, and 105,599,540 pounds or 53 percent to institutions and welfare agencies as shown in Table I. The value of the commodities so distributed totaled $12,914,607 as reflected in Table II. The following commodities were distributed from purchases made to fulfill price support commitments:

COMMODITIES	QUANTITY (Pounds)
Eggs, shell	9,782,947
Apples, fresh	69,003,092
Peaches, fresh	1,136,661
Beans, snap	4,040,307
Beets, fresh	7,884,191
Cabbage	10,165,573
Carrots	11,155,231
Kale	565,252
Onions	17,425,363
Peas, fresh	172,106
Potatoes: Irish	25,809,741
Sweet	14,820,526
Spinach, fresh	318,336
Squash, winter	487,370
Tomatoes, fresh	4,500
Total	172,771,196

The number of children in schools and child care centers benefiting by the program increased steadily during the year, and in April, 3,938,016 children in 22,500 schools and child care centers were receiving meals prepared partly with foods made available through this program. In addition, 945,193 persons in institutions and welfare assistance cases received commodities or meals prepared from

commodities distributed through this program during the same month. Table III shows by States the total number of persons benefiting under this program during the month of April, the peak month during the fiscal year 1945.

The percentage of commodities distributed through this program varied from State to State and between the different types of organizations. For example, organizations in the State of New York received 11.6 percent of the 101,315,170 pounds distributed to the institutions, 1.3 percent of the 88,997,262 pounds distributed to the schools, 4.8 percent of the 6,037,283 pounds received by the child care centers, and only .4 percent of the 4,284,370 pounds given for welfare assistance. At the same time, Illinois received 3.7 percent for their institutions, .9 percent for the schools, nothing for child care centers, and 25.4 percent for welfare assistance. Idaho and the District of Columbia received commodities for their institutions, but none for schools, child care centers, or welfare assistance. Nevada was the only State that did not receive commodities under this program as reflected in Table IV which shows by States and recipients the total quantity of commodities distributed.

The following examples are illustrations of market conditions which necessitated purchases to relieve markets:

Cabbage

Growers in the Bear Creek and Swamico areas of Wisconsin were not able to obtain more than $6.00 to $8.00 per ton for kraut cabbage during the first part of October 1944. In order to enable harvesting of their crops during the emergency the growers requested the initiation of a Government purchase price support program. Authorization was issued to purchase 50 cars or 750 tons of cabbage valued at $15,000. A total of 29 cars or 435 tons valued at $8,400 were purchased. After the purchase, the growers were able to dispose of the balance of their crop through commercial channels to good advantage as prices advanced to rates above the Government purchase price. Before the price support program was withdrawn from the area the sale of cabbage brought from $16.00 to $17.00 per ton. The cabbage bought under the price support program was shipped to hospitals and institutions in the Midwest Region.

Apples

Portions of several states along the seaboard were struck by a hurricane in September, 1944, with the result that millions of bushels of apples were blown off the trees and were in serious danger of spoiling before they could be consumed. In order to meet this emergency a purchase program was initiated. Rapid action resulted in many apples that otherwise would have been wasted being consigned to numerous institutions for canning for future use.

Peas

The market on fresh peas in Colorado is one of the many examples of the psychological effect of a properly conducted purchase program. The growers of fresh peas in Colorado requested Federal assistance when the market weakened. Upon the announcement of a purchase program, the market

reacted immediately with prices even surpassing the purchase price level. Since conditions appeared stable the office was closed, and the purchase representative left. As soon as it became known that the representative had left the market started to decline. Upon the request of the growers the purchase representative was sent back to Colorado. Again, as soon as it became known that he was in town, the market reacted to a higher price than the announced purchase price. Though it was not necessary to actually purchase any of the crop, the psychological effect of a secure market succeeded in maintaining the market price with a resulting fair income to the farmer and prevention of waste.

Irish Potatoes

Although the 1944 summer crop of 16 million bushels of Irish potatoes was 4.5 million bushels under the 1934-1943 average, it was marketed under most unfavorable conditions due to competition with the large carry-over from the 1943 bumper crop and the large number of small Grade B potatoes for which there was a poor market. The late potato crop of 1943 amounted to 364 million bushels compared to the 1933-1942 average of 288.3 million bushels, resulting in a carry-over which caused a weak market.

In addition, drought conditions prevailed in some areas, resulting in a heavy production of small potatoes in the 1944 crop for which the demand was negligible. Prices of these potatoes fell to low levels, or else no market for them existed at all, necessitating purchase operations beginning July 1 to fulfill price support commitments. By the middle of September heavy purchases were no longer necessary.

Sweet Potatoes

During the main 1944 harvesting period (September 15 to November 15) the heavy production of 14 million bushels of sweet potatoes on the Eastern Shore of Virginia and Maryland, and in North Carolina, coupled with inadequate curing and storage facilities, forced a large supply of sweet potatoes on the market. This heavy supply depressed prices to levels where producers were receiving little more than the cost of production, thus necessitating a price support purchase program to insure an adequate return to the producer.

In the spring of 1945 unseasonably warm weather promoted sprouting and rapid deterioration of sweet potatoes in storage. As a result of these conditions, urgent requests were made for Government purchases in order to assure the growers support prices. The 1944 sweet potato crop amounted to 71,651,000 bushels, which was 7 percent more than the 10-year average of 67,182,000 bushels. Although the planted acreage was reduced in 1944, the crop matured under such favorable weather conditions that the yields in 1944 averaged 92.9 bushels per acre compared with 81.9 bushels in 1943 and 84.3 bushels for the 10-year average.

Onions

The 1944 late summer onion crop of 35,157,000 sacks (50 pounds per sack) was approximately 50 percent above the 10-year average production of 23,976,000 sacks and exceeded the previous record crop of 1939 by approximately 6,000,000 sacks. More than half of the late crop was produced in the States from Colorado west, about one-fourth in the eastern States of New York, Pennsylvania, and Massachusetts, and about one-fifth in the north central States.

Lack of storage facilities, particularly in the western States, became critical and serious losses due to lack of such facilities were imminent. Shipping point prices declined rapidly during early September, 1944. It was necessary to inaugurate a Government purchase program to prevent spoilage and to assist in obtaining a reasonable returns for growers.

Project 2. Encouragement of Export of Agricultural Commodities, Program Payments

General Plan: Through negotiations with buyers for foreign countries, determinations are made as to the import needs of the country or countries, and as to the exportable surplus in the United States. Arrangements are made for payments to U. S. wholesalers or dealers in the commodity in order that the commodity may be exported at the price agreed upon by the United States and the buying country.

Examples of Progress and Current Programs: Although this method of diverting agricultural surpluses is specifically directed by law actual operations under this project during the past few years were necessarily restricted because of the war. During the fiscal year 1945 two flour export programs were administered. The first program, approved July 4, 1944, was initiated in order to effectuate a stabilization agreement between the Governments of the United States and Cuba in connection with the purchase of Cuban sugar produced from the 1944 crop. Under the agreement, the United States obligated itself to make domestic wheat flour available to Cuban importers at prices no higher than those prevailing on imports from the United States during 1943. In order to carry out the agreement and to protect the exporters, payments were made at announced rates which were in effect on the date of the sale of flour. These payments represented the difference between the prevailing United States market price and the price at which the flour was sold to Cuba under the terms of the agreement.

Sales made during the period July 4 to December 31, 1944, amounted to 601,666 hundredweights. The indicated payments to be made at the rate of $1.35 per hundredweight was $812,249.

The second flour export program, approved April 18, 1945, provided for payments to be made to exporters on flour sold for export to eligible countries. This program was intended principally to enable United States exporters to sell flour milled from domestic wheat to Western Hemisphere countries in competition with lower priced Canadian wheat. The program was also designed to fulfill a stabilization agreement entered into between the United States and Cuba in connection with the purchase of sugar from the 1945 Cuban crop. Under this arrangement, the United States agreed to make domestic wheat flour available to Cuban importers at prices comparable with those prevailing during 1943 and 1944. Under this program there were sold for export between April 20 and June 30, 1945, 662,031 hundredweights of flour mostly to Western Hemisphere countries, and 2,423,843 hundredweights to Cuba. The rate of payment on the greater part of the exports to Cuba was $1.35 per hundredweight, to other countries 14 cents per hundredweight. Total payments were $3,353,626.

TABLE I

Quantity of USDA Commodities Distributed Through Direct Distribution
July 1944 - June 1945 (Inclusive)
(Based on Monthly FDA 541 Reports)

Commodity Group and Item	Total	Institution	Schools	Child Care Centers	Welfare Assistance
			Pounds		
MEAT AND MEAT PRODUCTS.					
Pork, family mess	630,533	597,133	18,400	7,000	8,000
Spareribs	15,981	14,086	1,875	- -	- -
DAIRY AND POULTRY PRODUCTS					
Eggs, shell	9,782,947	8,021,433	1,166,511	93,937	501,066
Eggs, dried	982,934	741,038	211,248	12,482	18,166
Eggs, frozen	1,174,698	1,143,668	26,340	4,690	- -
Milk, evaporated	2,306,361	1,146,217	952,253	47,710	160,181
FRESH FRUITS					
Apples	69,003,092	32,389,779	34,875,794	390,826	1,346,693
Peaches	1,136,661	251,735	851,101	4,523	29,302
PROCESSED FRUITS					
Grapefruit Juice	2,662,930	611,034	1,862,225	77,892	111,779
Prunes, canned	175,320	134,405	27,256	9,609	4,050
Prunes, dried	29,350	7,070	14,555	7,225	500
FRESH VEGETABLES					
Beans	4,040,307	2,144,469	1,840,815	19,778	35,245
Beets	7,884,191	4,941,320	2,709,577	37,714	195,580
Cabbage	10,165,573	6,925,210	2,973,228	77,169	189,966
Carrots	11,155,231	4,398,036	6,492,358	77,690	187,147
Kale	565,252	268,222	290,790	2,402	3,838
Onions	17,425,363	10,143,940	6,723,098	63,124	495,201
Peas	172,106	35,520	135,986	600	- -
Potatoes, Irish	25,809,741	18,787,258	6,020,114	200,900	801,469
Potatoes, Sweet	14,820,526	7,845,667	6,711,394	69,128	194,337
Spinach	318,336	164,798	152,188	- -	1,350
Squash	487,370	436,299	43,786	6,785	500
Tomatoes	4,500	4,500	- -	- -	- -
PROCESSED VEGETABLES					
Beans, cd. string	2,126,823	- -	2,050,491	76,332	- -
Beans, dried	668	668	- -	- -	- -
Greens, dehydrated	36,807	36,699	28	80	- -
Tomatoes, canned	130,312	123,949	5,229	1,134	- -
MISCELLANEOUS					
Flour, Graham	687	687	- -	- -	- -
Pork and Beans, cd.	26,039	330	25,032	677	- -
Sub-total, Continental United States	183,070,619	101,315,170	76,181,672	1,289,407	4,284,370
Caribbean Area (1)	17,563,466	- -	12,815,590	4,747,876	- -
Total	200,634,085	101,315,170	88,997,262	6,037,283	4,284,370

(1) A breakdown by commodities for the Caribbean Area is included in the School Lunch Program.

TABLE II

Value of USDA Commodities Distributed Through Direct Distribution
July 1944 - June 1945 (Inclusive)

Commodity Group and Item	Total	Institutions	Schools	Child Care Centers	Welfare Assistance
	Dollars				
MEAT & MEAT PRODUCTS					
Pork, family mess	$ 149,688	$ 141,759	$ 4,368	$ 1,662	$ 1,899
Spareribs	2,793	2,465	328	- -	- -
DAIRY & POULTRY PRODUCTS					
Eggs, shell	3,215,655	2,636,645	383,432	30,877	164,701
Eggs, dried	1,277,814	963,349	274,622	16,227	23,616
Eggs, frozen	434,638	423,157	9,746	1,735	- -
Milk, evaporated	254,161	126,313	104,938	5,258	17,652
FRESH FRUITS					
Apples	2,497,912	1,172,510	1,262,504	14,148	48,750
Peaches	60,925	13,493	45,619	242	1,571
PROCESSED FRUITS					
Grapefruit Juice	264,695	60,737	185,105	7,742	11,111
Prunes, canned	21,109	16,182	3,282	1,157	488
Prunes, dried	4,749	1,144	2,355	1,169	81
FRESH VEGETABLES					
Beans	210,095	111,512	95,722	1,028	1,833
Beets	145,069	90,920	49,856	694	3,599
Cabbage	150,450	102,493	44,004	1,142	2,811
Carrots	211,949	83,563	123,355	1,476	3,555
Kale	22,158	10,514	11,399	94	151
Onions	407,753	237,368	157,320	1,477	11,588
Peas	13,200	2,724	10,430	46	- -
Potatoes, Irish	381,984	278,051	89,098	2,973	11,862
Potatoes, sweet	435,723	230,663	197,315	2,032	5,713
Spinach	15,917	8,240	7,609	- -	68
Squash	4,484	4,014	403	62	5
Tomatoes	419	419	- -	- -	- -
PROCESSED VEGETABLES					
Beans, canned string	227,357	- -	219,197	8,160	- -
Beans, dried	43	43	- -	- -	- -
Greens, dehydrated	3,198	3,189	2	7	- -
Tomatoes, canned	11,207	10,660	450	97	- -
MISCELLANEOUS					
Flour, Graham	26	26	- -	- -	- -
Pork and Beans, canned	2,213	28	2,128	57	- -
Sub-total, Continental United States	10,427,384	6,732,181	3,284,587	99,562	311,054
Caribbean Area (1)	2,487,223	- -	1,848,167	639,056	- -
Total	$ 12,914,607	$ 6,732,181	$ 5,132,754	$ 738,618	$ 311,054

(1) A breakdown by commodities for the Caribbean Area is included in the School Lunch Program.

TABLE III

Number of Persons Participating in Direct Distribution
Program During Month of Peak Participation 1/
July 1, 1944 - June 30, 1945 (Inclusive)

Region and State	Total Number of Recipients	Schools and Child Care Centers (Children)	Institutions and Others (Persons)
NORTHEAST			
Connecticut	14,945	1,697	13,248
Delaware 2/	-	-	-
Dist. of Col.	8,056	-	8,056
Maine	52,359	43,677	8,682
Maryland	205,123	193,062	12,061
Massachusetts	265,861	161,211	104,650
New Hampshire	26,242	20,454	5,788
New Jersey	71,214	30,144	41,070
New York	328,081	175,199	152,882
Pennsylvania	96,030	30,648	65,382
Rhode Island	99,978	91,649	8,329
Vermont	29,693	25,067	4,626
West Virginia	112,890	103,475	9,415
SOUTHERN			
Alabama	112,408	105,586	6,822
Florida	148,272	140,103	8,169
Georgia	348,381	331,723	16,658
Kentucky	114,757	102,712	12,045
Mississippi	55,738	49,738	6,000
No. Carolina	263,089	246,815	16,274
So. Carolina	392,423	378,860	13,563
Tennessee	200,546	145,712	54,834
Virginia	126,052	112,008	14,044
MIDWEST			
Illinois	160,646	100,452	60,194
Indiana	50,378	30,917	19,461
Iowa	20,449	6,299	14,150
Michigan	69,906	34,486	35,420
Minnesota	169,342	151,260	18,082
Missouri	92,135	64,087	28,048
Nebraska	12,724	4,850	7,874
North Dakota	6,418	3,168	3,250
Ohio	142,087	91,538	50,549
South Dakota	11,810	5,547	6,263
Wisconsin	150	150	
SOUTHWEST			
Arkansas	120,789	96,687	24,102
Colorado	32,237	21,361	10,876
Kansas	34,022	25,426	8,596
Louisiana	127,452	113,333	14,119
New Mexico	36,509	35,024	1,485
Oklahoma	112,359	100,072	12,287
Texas	332,306	298,019	34,287
WESTERN			
Arizona 2/	-	-	-
California	9,061	2,000	7,061
Idaho 2/	-	-	-
Montana	4,772	2,604	2,168
Nevada 2/	-	-	-
Oregon 2/	-	-	-
Utah 2/	-	-	-
Washington	27,740	24,840	2,900
Wyoming	1,234	-	1,234
Hawaii	32,758	32,569	189
CARIBBEAN AREA			
Puerto Rico	200,584	200,584	-
Virgin Isl.	3,203	3,203	-
TOTAL	4,883,209	3,938,016	945,193

1/ Peak participation occurred during April 1945.
2/ No commodities were distributed in these States during April. However, commodities were distributed in these States during a number of other months in this fiscal year.

TABLE IV

Quantity of USDA Commodities Distributed Through Direct Distribution
July 1944 - June 1945 (Inclusive)

Region and State	Total	Institution	Schools	Child Care Centers	Welfare Assistance
	Pounds				
NORTHEAST	53,434,843	40,816,741	9,960,158	712,518	1,945,426
Connecticut	2,782,555	2,535,477	113,948	450	132,680
Delaware	656,388	385,114	271,274	- -	- -
Dist. of Col.	218,078	218,078	- -	- -	- -
Maine	1,532,878	553,690	851,182	- -	128,006
Maryland	2,417,212	1,573,148	844,064	- -	- -
Massachusetts	6,563,967	4,373,080	1,133,919	146,292	910,676
New Hampshire	629,360	370,310	259,050	- -	- -
New Jersey	9,170,000	6,675,478	1,663,180	211,317	620,085
New York	13,228,739	11,759,006	1,156,614	294,587	18,532
Pennsylvania	7,918,044	7,507,292	369,087	25,865	15,800
Rhode Island	1,280,886	722,542	530,658	27,686	- -
Vermont	640,169	244,805	272,237	3,480	119,647
West Virginia	6,396,507	3,898,721	2,494,945	2,841	- -
SOUTHERN	65,975,801	22,078,455	42,960,527	113,226	823,593
Alabama	2,841,989	796,963	2,038,321	6,705	- -
Florida	3,499,006	1,238,591	2,259,564	851	- -
Georgia	14,344,215	4,568,215	9,334,204	46,803	394,993
Kentucky	7,805,084	3,071,488	4,656,625	26,336	50,635
Mississippi	4,339,361	1,925,045	2,414,316	- -	- -
No. Carolina	10,316,087	3,608,245	6,706,072	1,770	- -
So. Carolina	11,214,999	627,686	10,581,787	4,471	1,055
Tennessee	8,852,173	4,333,602	4,115,371	26,290	376,910
Virginia	2,762,887	1,908,620	854,267	- -	- -
MIDWEST	33,351,604	27,558,458	4,324,100	283,288	1,185,758
Illinois	5,684,929	3,773,517	823,780	- -	1,087,632
Indiana	3,681,098	2,946,544	610,460	57,755	66,339
Iowa	1,783,352	1,710,792	63,826	8,734	- -
Michigan	3,178,327	2,749,315	356,733	67,678	4,601
Minnesota	2,520,159	1,783,898	674,479	61,782	- -
Missouri	3,024,034	2,090,087	900,673	33,274	- -
Nebraska	1,724,929	1,696,372	28,557	- -	- -
North Dakota	379,980	309,490	66,240	4,250	- -
Ohio	9,940,333	9,274,279	616,239	49,815	- -
South Dakota	209,781	49,386	133,209	- -	27,186
Wisconsin	1,224,682	1,174,778	49,904	- -	- -
SOUTHWEST	27,658,270	9,608,323	17,628,503	137,473	283,971
Arkansas	6,346,297	1,661,924	4,636,363	48,010	- -
Colorado	1,099,333	873,218	213,648	7,167	5,300
Kansas	2,901,960	1,482,660	1,418,670	630	- -
Louisiana	3,188,262	693,098	2,492,389	2,775	- -
New Mexico	903,068	131,080	701,948	31,108	38,932
Oklahoma	4,427,295	1,964,903	2,436,672	- -	25,720
Texas	8,792,055	2,801,440	5,728,813	47,783	214,019
WESTERN	2,650,101	1,253,193	1,308,384	42,902	45,622
Arizona	81,321	28,395	45,201	3,225	4,500
California	1,286,427	624,885	587,822	37,290	36,430
Idaho	1,900	1,900	- -	- -	- -
Montana	247,899	198,057	49,842	- -	- -
Nevada	- -	- -	- -	- -	- -
Oregon	346,650	189,170	152,036	752	4,692
Utah	171,347	40,835	130,512	- -	- -
Washington	213,370	122,680	89,055	1,635	- -
Wyoming	40,300	40,300	- -	- -	- -
Hawaii	260,887	6,971	253,916	- -	- -
Sub-total Continental U. S.	183,070,619	101,315,170	76,181,672	1,289,407	4,284,370
Caribbean Area	17,563,466	- -	12,815,590	4,747,876	- -
Total	200,634,085	101,315,170	88,997,262	6,037,283	4,284,370

Flour Export Programs, Fiscal Year 1945

Recapitulation	Cuba	Other Countries	Total
Sold for export (100-pound sacks) ...	3,025,509	662,031	3,687,540
Equivalent in wheat (bushels)	7,109,946	1,489,569	8,599,515
Total Indemnity Payments	$4,073,191	$92,684	$4,165,875
Average Indemnity per 100-pound sack	$1.346	$0.139	
Average Indemnity per bushel of wheat	$0.57	$0.062	

Project 3. Diversion of Agricultural Commodities to By-Products and New Uses

General Plan: The plan of operation varies with the diversion problem. There are included in the outlines of diversion programs, on the following pages, statements of the plans of operation applicable to each.

Irish Potatoes

Approved: June 30, 1944.

Commitment: Maximum expenditure $3,340,000; maximum quantity 15,000,000 bushels.

Period Covered: July 1, 1944 through June 30, 1945.

Objective: Diversion of Irish potatoes by processing into starch, flour, livestock feed, alcohol, or other products designated by the Department.

Plan of Work: By diversion payments to authorized participants. Payments covered cost of potatoes at announced support prices plus cost of processing, minus market value of finished product.

Work Done:	Fiscal Year	Quantity	Expenditure
	1944	6,458,000 bu.	$2,494,623
	1945	174,396 bu.	69,760

Cabbage

Approved: February 23, 1945.

Commitment: Maximum expenditure $700,000; maximum quantity 35,000 tons.

Objective: Diversion payments to kraut processors. Program is designed to remove heavy surplus production of Southern winter cabbage.

Plan of Work: Inspectors must certify the quantity of kraut produced. Equalization payments are determined by the difference in the actual cost of transportation and the amount of that cost which the kraut packer is able to assume and still sell kraut within applicable price ceilings. The payments are not to exceed $23.00 per ton. Five dollars per ton is included in this figure to cover additional icing or other protective services. The minimum price to growers amounts to $15.00 per ton in seven States--Florida, Texas, Georgia, Louisiana, Mississippi, Alabama and South Carolina.

Work Done:	Fiscal Year	Quantity	Expenditure
	1944	34,158 tons	$119,810
	1945	5,044 tons	84,533 (1)

(1) 1945 quantity and expenditure not complete as all of the reports have not yet been received.

Sweet Potatoes

Approved: September 26, 1944.

Commitment: Maximum expenditure $150,000; maximum quantity 400,000 bushels.

Period Covered: September 26, 1944 through March 31, 1945.

Objective: Surplus removal of sweet potatoes by diversion into starch and its by-products.

Plan of Work: The processor is required to purchase sweet potatoes from growers at not less than 60 cents per bushel of 60 pounds. Diversion payments average 35 cents per bushel of sweet potatoes diverted into starch or its by-products.

Work Done:	Fiscal Year	Quantity	Expenditure
	1944	121,970 bu.	$35,250 1/
	1945	55,883 bu.	19,559 1/

1/ Tentative.

Cotton Improvement Planting Seed

Approved: August 26, 1944.

Commitment: Maximum expenditure, $600,000.

Period Covered: July 1, 1944 through June 30, 1945.

Objective: To encourage the growth of a single improved variety of cotton by all growers in large areas where growing conditions are uniform in order to (1) improve cotton quality, (2) increase yields per acre, and (3) standardize production by the elimination of inferior varieties now being grown.

Plan of Work: To initiate and operate the program, there is established in each State the following organization:

Organization	Composed of	Functions
(1) A State Board	Representatives of State Extension Services, State Experiment Stations, Bureau of Plant Industry, Soils, and Agricultural Engineering and the Production and Marketing Administration.	(a) Appoint Planting Seed Committee and designate its officers, (b) Appoint Technical Committee and designate its officers, (c) Consider and recommend division of State.
(2) A Planting Seed Committee	3 to 9 cotton growers or ginner-growers.	(a) Designate zones, subzones and varieties. (b) Cause the Association to be set up. (These functions are performed jointly with Technical Committee).
(3) A Technical Committee	Federal and State specialists	(a) Designate zones, subzones and varieties, (b) Cause the Association to be set up, (c) Determine eligibility of growers, (d) Consider and approve key-growers, (e) Consider and approve Class A and B Seed, (f) Recommend specifications for growing and handling seed.
(4) A State Association	Cooperative Association of farmers either in existence or which is set up.	(a) File applications for, (b) Supervise ginning, testing, handling, and otherwise preparing seed for planting purposes, (c) Effect delivery of seed to growers, (d) File claims for payment.

Payments are made to growers through the State Associations to cover part of the difference between the cost of ordinary seed which averages about $60 per ton and that of pure improved one variety seed which varies from $100 to $255 per ton with an average of approximately $180 per ton for the entire Cotton Belt.

Rates of payments to associations:

$3.00 per 100 lbs. net for Class A de-linted seed
2.65 per 100 lbs. net for Class A unde-linted seed
1.70 per 100 lbs. net for Class B de-linted seed
1.50 per 100 lbs. net for Class B unde-linted seed

Work Done: Complete results for the fiscal year 1945 program are not yet available. The following table, however, shows the commitments entered into with each State Association:

State	Applications Approved	
	Quantity of seed	Maximum payment
	(lbs.)	
Florida	320,000	$5,000
New Mexico	1,304,347	15,000
Oklahoma	4,195,304	48,246
Tennessee	2,400,000	46,000
Texas	18,970,956	218,166
Total	27,190,607	332,412

There was further expansion of this program during 1945 in all participating States. Additional steps were taken by some States to improve the quality and increase the quantity of seed available. The Texas Cotton Planting Seed Association, sponsor of the Cotton Improvement Planting Seed Program in Texas, has entered into a joint agreement with the Texas Agricultural Experiment Station and the Bureau of Plant Industry, Soils, and Agricultural Engineering to strengthen and expand the work being done under the provisions of this program. Special emphasis is being placed on (1) developing superior strains and varieties of cotton and (2) increasing the processing of storage and distribution of selected planting seed stocks.

Cotton Burs

Approved: December 21, 1944.

Commitment: Maximum expenditure $50,000.

Period Covered: July 1, 1944 through June 30, 1945.

Objective: To develop a market for cotton burs through (1) processing and sale of cotton bur feed for livestock and (2) processing cotton bur fiber residue resulting from processing cotton burs into feed and into approved uses. Prior to the initiation of this program, cotton burs had little or no economic value.

Cotton burs, the rough outer case of the cotton boll, are obtained primarily in the ginning of cotton harvested by sledding, snapping and machine stripping. Heretofore they have not been processed for feed. As high as 95 percent of unprocessed cotton burs have been disposed of by ginners at costs involving in some instances actual cash outlays. Development of regular commercial outlets for cotton burs should establish a market value for this heretofore largely waste material resulting in an increased income to cotton growers.

Plan of Work: Contracts are entered into with cotton bur processors under which payments are made for the processing and sale of cotton bur feed for livestock. The processors are also required, without additional payments, to process into approved uses or sell and deliver to eligible cotton bur fiber residue purchasers, specified tonnages of cotton bur fiber residue resulting from the processing of feed. Approved uses of cotton bur fiber residue include the manufacture of (1) composition bulking board and panel alone, or in combination with low grade short staple cotton, (2) board for boxes, crates, furniture, and other uses, and (3) plastics.

Work Done: Since this project is largely experimental, only one processor participated in the program. Maximum payments of $50,000 are made on not to exceed 2,000 tons of cotton bur feed processed from not less than 5,000 tons of unprocessed burs. No less than 1,400 tons of fiber residue must be diverted to approved uses. The rate of payment is based on the protein content of the bur feed produced. Actual processing of cotton burs under this program may not be completed until December 1945. It is anticipated that data obtained during the operation of the program will provide a basis for determining the type of further program which should be initiated if results in connection with any given use merit special attention.

Project 4. School Lunch and Milk Program

The Problem and General Plan: The School Lunch program is so conducted that consumption is directed to those products in greatest abundance, thus not only alleviating local and seasonal surpluses, but also conserving the foods that are scarce. During the fiscal year 1945 participants consumed approximately 912,219,127 pounds of milk, eggs, fruit, vegetables and other farm produce valued at $95,418,532. This amount was indirectly increased through the introduction of hitherto new foods in the homes of children who had become familiar with the new foods in their school lunches.

In addition, the problem of combating malnutrition in the child population of this country and fostering better eating habits is of prime importance. Although the demand for food has risen tremenduously during the war with increased employment and higher wages, this has not meant that children generally are receiving adequate diets. There are large areas in this country where per capita income has remained static or actually decreased in terms of purchasing power. New factors contributing to malnutrition in children have come from the scarcity and high prices of certain essential foods and this has been accentuated by

the fact that many mothers have assumed part or full time jobs without making proper provision for the feeding of their children. Since food habits are formed in childhood, a program to improve the nutritional status of the nation not only affects the immediate nutrition of the children but instills eating habits which remain throughout their lifetime.

Actual operation of the school lunch program is completely in the hands of the local sponsors. The activities of the Production and Marketing Administration are concerned with the determination of eligibility requirements and conditions of participation for schools, including the nature and extent of Federal participation. Allocation of funds are made among the States and Territories in accordance with a formula giving consideration to State per capita income and school enrollment. On the basis of recommendations of the Bureau of Human Nutrition and Home Economics, minimum standards are established, and periodically reviewed, in order to assure the adequacy of meals served under this program. At the local level of administration, field representatives negotiate agreements with sponsors of the program, approve claims for payment, perform administrative reviews of program operations, and maintain liaison with State education, health, welfare and other agencies participating in the school lunch program.

Two methods are employed in aiding the local sponsors--the direct distribution plan and the indemnity or reimbursement plan.

Under the direct distribution plan, food is acquired by the Production and Marketing Administration through (1) surplus removal and price support programs, (2) stocks originally purchased for other programs but which can not be utilized because of changing food requirements, and (3) commodities purchased specifically for the Caribbean Area program. These foods are distributed without charge to sponsors of approved School Lunch Programs. In return, the sponsors agree to arrange for the proper handling and storage of the food and its use as an addition to foods regularly served in lunches.

Through the indemnity or reimbursement plan, payments are made to schools or approved sponsors, to reimburse them in part for food purchased locally and used in preparing the lunches. Sponsors are required to purchase the abundant foods in as large quantities as can be efficiently and economically used. The amount of reimbursement to the sponsor is dependent upon the number and type of lunches served. Individual Federal payments may not exceed the cost of the food or a maximum rate per meal based on the type of lunch served. Local and State agencies provide the additional foods, as well as equipment, facilities, kitchen help and general supervision.

There are three types of lunches for which reimbursements are made. Type A is a complete meal, providing at least one-third to one-half of a child's daily nutritive requirements. Type B is a less complete meal suitable for schools having limited facilities and where the meal may be supplemented by food brought from home. Type C consists of one-half pint of milk. The rate of reimbursement varies from a maximum of 9 cents for Type A lunch to 2 cents for Type C. Lunches are made available to all children desiring to participate, with no distincition being made between those who pay and those who do not.

Examples of Progress and Current Programs: The fiscal year 1945 School Lunch and Milk Program was the most successful since its inception. During the peak month, 4,629,559 children participated in the indemnity program compared with a peak of 3,692,920 in 1944. An unduplicated count of participants in both the indemnity and direct distribution programs indicated that 6,655,458 children in 43,480 schools and child care centers were receiving lunches through programs assisted by the Department of Agriculture at the peak of operation. Total expenditures during the fiscal year 1945 were $47,844,050 compared to $34,399,569 during the fiscal year 1944, or an increase of 39 percent.

It is estimated that the total quantity of agricultural commodities consumed under this program during the fiscal year 1945 amounted to 912,219,127 pounds valued at $95,418,532. In addition, commodities valued at $5,871,372 were distributed to the schools from purchases made to relieve surplus markets and support prices. Commodities valued at $42,047,666 were purchased by schools and child care centers from funds made available through indemnity payments under this program. In addition, commodities valued at $53,370,866 were purchased with State and local contributions.

Estimated Total Quantity and Value of Commodities Consumed under School Lunch Programs, Fiscal Year 1945

Food or Food Group	Pound	Value
Milk	301,607,125	$22,380,896
Eggs	17,868,665	7,376,387
Other dairy products	12,179,131	5,302,295
Meat and meat products	33,833,196	11,360,022
Fruits and vegetables	423,600,720	37,403,901
Fats and oils	15,464,042	3,263,493
Cereals and flours	91,249,323	7,163,171
Sugar and other sweetening agents	16,238,841	1,088,002
Miscellaneous	178,084	80,365
Total	912,219,127	95,418,532

A breakdown by States of the unduplicated number of participants in the Community School Lunch Programs and the amount of the Federal contribution is reflected in Table I, following. The number of A, B, and C lunches that were served by schools and child care centers receiving indemnity payments during the fiscal year 1945 is shown in the following table:

School Lunches, Fiscal Year 1945

Region	Type A	Type B	Type C	Total
Northeast	60,482,690	5,085,101	99,298,805	164,866,596
Southern	161,164,233	7,436,656	4,516,861	173,117,750
Midwest	87,590,994	17,782,040	83,418,584	188,791,618
Southwest	85,821,853	2,408,843	3,691,677	91,922,373
Western	54,631,677	4,875,922	7,437,390	66,944,989
Total	449,691,447	37,588,562	198,363,317	685,643,326

The indemnity plan was not made available to school lunch programs operating in Puerto Rico and the Virgin Islands. Since the Production and Marketing Administration was the primary importer of food into the Caribbean Area, the school lunch program in that area was assisted only through the direct distribution of foodstuffs from the Government stockpiles. Due to the shortages of food and poor economic conditions, school lunch programs played a very important part in feeding the young population of the Caribbean Area, where thousands of children receive their only complete meal of the day at school. Table II, following, shows the quantity and estimated value of commodities distributed to schools and child care centers in the Caribbean Area during the fiscal year 1945.

The cooperation of State Departments of Education and other State agencies was solicited in order to assure mobilization of all possible resources behind the school lunch program. During the 1945 fiscal year agencies in 36 States and in Alaska, Hawaii, Puerto Rico and the Virgin Islands entered into agreements formalizing cooperation between Federal and State agencies in the conduct of the school lunch program. Except in a few States where another State agency was designated by the Governor to undertake this responsibility, agreements were made with the State educational agency. The form of the agreement varied from state to State, depending upon the ability and desire of the State agency to assume responsibility. In some States, the State agency merely agreed to endorse and publicize the program, while in others the agency reviewed all applications and claims, furnished technical assistance to program operators, and established nutrition courses in connection with the lunches. Approximately $5,000,000 was made available for the school lunch programs by 28 States and Territorial Governments through direct appropriations or by the earmarking of general funds as shown in the following table.

TABLE I

Participation in Community School Lunch Programs Receiving USDA Assistance and Value of USDA Contribution by States

July 1, 1944 - June 30, 1945

Region and State	Schools			Child Care Centers		
	Number 1/	Number of 1/ Children	USDA 2/ Contribution (dollars)	Number 1/	Number of 1/ Children	USDA 2/ Contribution (dollars)
NORTHEAST	10,591	1,697,613	7,705,944	316	24,267	270,634
Connecticut	192	30,520	233,543	8	309	4,636
Delaware	73	11,601	161,165	2	26	169
Dist. of Col.	68	11,424	34,866	3	104	1,820
Maine	687	60,697	249,438	2	52	993
Maryland	1,102	225,041	304,457	1	59	940
Massachusetts	1,573	302,227	846,450	32	1,193	29,757
New Hampshire	313	32,484	93,209	-	-	-
New Jersey	890	102,777	864,498	62	4,901	66,512
New York	2,567	524,416	2,959,427	143	13,223	88,628
Pennsylvania	970	135,052	870,612	53	3,880	70,088
Rhode Island	484	110,829	156,166	9	506	6,615
Vermont	289	30,906	78,699	3/	3/	126
West Virginia	1,383	119,639	853,414	1	14	350
SOUTHERN	12,042	1,936,149	14,969,692	45	2,348	30,885
Alabama	1,062	186,578	1,554,818	2	32	632
Florida	885	164,333	1,055,389	5	361	5,380
Georgia	2,110	341,596	2,561,060	8	783	4,302
Kentucky	631	114,403	1,230,721	6	216	4,191
Mississippi	720	115,347	1,024,146	2	38	538
No. Carolina	1,153	271,094	2,515,442	4	207	3,207
So. Carolina	3,091	386,342	2,318,366	5	251	2,045
Tennessee	1,467	187,213	1,754,408	12	416	9,868
Virginia	923	169,243	955,342	1	44	722
MIDWEST	8,612	1,420,369	10,395,590	151	9,576	98,056
Illinois	1,547	334,846	2,480,856	25	1,174	23,807
Indiana	582	105,701	901,608	24	1,879	10,234
Iowa	541	62,970	573,359	7	489	10,093
Michigan	1,017	204,348	1,512,718	8	667	11,481
Minnesota	1,067	225,289	948,169	5	267	12,383
Missouri	890	113,469	1,038,623	15	1,224	8,156
Nebraska	300	32,260	193,833	1	34	397
North Dakota	383	18,286	126,791	2	140	2,381
Ohio	1,136	203,640	1,728,237	57	3,486	16,791
South Dakota	193	14,419	178,967	3	112	1,821
Wisconsin	956	105,141	712,429	4	104	512
SOUTHWEST	7,174	879,976	7,728,959	85	5,990	77,047
Arkansas	722	114,669	1,051,730	15	469	4,224
Colorado	311	35,578	280,373	2	567	3,775
Kansas	488	35,581	455,377	2	63	906
Louisiana	1,352	162,672	1,508,913	19	2,267	27,438
New Mexico	280	40,226	213,774	12	1,087	20,454
Oklahoma	1,412	117,525	1,096,676	2	60	484
Texas	2,609	373,725	3,122,116	33	1,477	19,766
WESTERN	2,679	472,458	4,108,445	57	2,925	46,563
Arizona	135	25,628	306,360	2	64	1,641
California	956	151,054	1,706,583	28	1,699	39,067
Idaho	162	18,357	200,874	1	27	339
Montana	114	12,218	117,285	2	133	1,835
Nevada	26	2,360	27,612	-	-	-
Oregon	274	32,814	349,679	1	20	556
Utah	232	42,711	318,143	-	-	-
Washington	485	87,547	654,790	22	948	2,307
Wyoming	95	9,124	110,637	-	-	-
Hawaii	195	90,023	305,778	1	34	818
Alaska	5	622	10,704	-	-	-
CARIBBEAN AREA	1,329	174,150	4/ 2,090,757	399	29,637	4/ 321,478
TOTAL	42,427	6,580,715	46,999,387	1,053	74,743	844,663

1/ Participation data are for April, 1945, the month when total participation was at its peak. Includes 11,558 schools with a participation of 1,547,655 children and 128 child care centers with a participation of 8,098 children who applied for and received both indemnity payments and direct donations of USDA commodities.

2/ Includes indemnity payments and the value of Direct Distribution commodities.

3/ Participation in schools only during April.

4/ Cost of commodities charged against 1945 appropriation, but not necessarily consumed during 1945.

Prepared 12/5/45

TABLE II

Quantity and Estimated Value of USDA Commodities Distributed
To Schools and Child Care Centers in the Caribbean Area
July 1, 1944 - June 30, 1945 (Inclusive)

Commodity Group and Item	Quantity Distributed To: Total	Schools	Child Care Centers	Value of Distribution To: Total	Schools	Child Care Centers
	Pounds			Dollars		
MEAT & MEAT PRODUCTS						
Bacon, Smoked	27,415	27,100	315	6,826	6,748	78
Beef, corned	79,367	78,417	950	19,983	19,745	238
Beef, roast	94,956	93,538	1,418	47,917	47,249	668
Chicken, boned	35,854	35,503	351	27,626	27,417	209
Fat Backs	3,433	3,109	324	509	462	47
Ham, chopped	45,482	17,270	28,212	17,338	6,488	10,850
Hash, corn beef	18,485	17,542	943	1,539	1,461	78
Pork, luncheon meat	8,605	8,425	180	3,169	3,107	62
Pork, sausage meat	63,899	63,542	357	18,342	18,240	102
Pork and Soya Links	30	- -	30	8	- -	8
Vienna Sausage	960,713	779,327	181,386	384,513	312,046	72,467
DAIRY & POULTRY PRODUCTS						
Eggs, dried	114,616	86,613	28,003	142,560	107,747	34,813
Milk, dried skim	234	102	132	37	16	21
Milk, evaporated	10,473,753	6,430,810	4,042,943	1,219,140	748,987	470,153
CEREALS & FLOURS						
Cereal, concentr. oat	66,215	48,557	17,658	6,011	4,404	1,607
Corn Meal	398,202	247,118	151,084	19,346	12,302	7,044
Flour, soya	915	830	85	397	392	5
Flour, wheat	826,033	733,018	93,015	30,740	27,282	3,458
Rice	46,142	45,000	1,142	3,643	3,556	87
PROCESSED FRUITS						
Blackberries, canned	9,106	8,537	569	1,648	1,545	103
Peaches, canned	718	506	212	74	52	22
Pears, canned	2,666	1,120	1,546	388	163	225
Prunes, dried	806,352	657,438	148,914	120,471	98,316	22,155
PROCESSED VEGETABLES						
Beans, dried	1,091,667	1,084,553	7,114	86,283	85,740	543
Beans, soya	91,561	91,502	59	7,617	7,613	4
Beans, canned string	273,636	273,039	597	27,384	27,323	61
Beets, canned	7,923	7,624	299	620	597	23
Carrots, canned	118,181	118,123	58	9,081	9,076	5
Corn, canned	31	- -	31	3	- -	3
Peas, canned	9,980	9,929	51	1,032	1,027	5
Peas, dried	147,794	146,649	1,145	11,238	11,153	85
Potatoes, dehydrated	19,126	18,854	272	2,064	2,027	37
Spinach, canned	27,263	26,295	968	2,220	2,141	79
Tomatoes, canned	962,301	953,890	8,411	82,884	82,190	694
FATS & OILS						
Lard	45,695	44,860	835	7,751	7,610	141
Oleomargarine	221,064	218,916	2,148	43,023	42,611	412
Vegetable Shortening	311,678	309,299	2,379	55,618	55,198	420
MISCELLANEOUS						
Apple Butter	10,564	10,261	303	1,347	1,306	41
Tomato Juice	313	- -	313	25	- -	25
Macaroni	1,115	- -	1,115	98	- -	98
Stew, meat & vegetable	579	534	45	146	134	12
Peanut Butter	6,957	6,856	101	1,813	1,787	26
Soup, dehydrated	132,847	110,984	21,863	74,751	62,909	11,842
Total	17,563,466	12,815,590	4,747,876	2,487,223	1,848,167	639,056

TABLE III

UNITED STATES DEPARTMENT OF AGRICULTURE

State	Amount	Source	Use
Alabama	$8,130	Department of Education funds	Administrative Expenses
Arkansas	38,800	$18,800 Education funds, $20,000 State's General fund	Supervision and Administration
Connecticut	10,000	Department of Education fund	Administrative Expenses
Florida	Indefinite	Department of Education fund	Supervision and Administration
Georgia	42,000	Legislative appropriation	Administrative Expenses
Illinois	750,000	Legislative appropriation	Pay part of food cost
Kentucky	16,800	Legislative appropriation	Supervision and Administration
Louisiana	250,000	Legislative appropriation	Operation and Maintenance
Massachusetts	60,000	Department of Welfare funds	Supervision and Administration
Minnesota	22,500	State appropriation and Department of Education funds	Supervision and Administration
Mississippi	7,300	Department of Education funds	Supervision and Administration
Missouri	4,800	Department of Education funds	Supervision and Administration
Nevada	35,000	Legislative appropriation	Supervision, Equipment and Facilities
New Mexico	90,000	Governor's emergency fund	Labor and Equipment
New York	8,500	State War Council	Administration
North Carolina	16,000	Department of Education funds	Supervision and Administration
Oklahoma	200,000	Department of Welfare funds	Supervision and Equipment
Pennsylvania	4,000	Department of Public Institution funds	Supervision and Administration
Rhode Island	Indefinite	Department of Education funds	Deficit of Programs
South Carolina	185,000	Legislative appropriation	Administration and Direct Aid
Tennessee	25,000	Jointly by Education and Agriculture	Administration
Utah	400,000	Four percent liquor tax	Any school lunch costs
Vermont	10,000	Legislative appropriation	Supervision and Administration
Virginia	5,000	Department of Education funds	Supervision and Administration
West Virginia	100,000	Legislative appropriation	Labor, food, equipment, supervision
Dist. of Col.	55,000	Congressional Appropriation	Administration and Direct Aid
Puerto Rico	2,550,000	Legislative Appropriation	Administration and Direct Aid
Virgin Islands	62,000	Legislative Appropriation	Administration and Direct Aid

The total non-federal expenditures during the fiscal year in the school lunch programs receiving Federal assistance, including money received from State and local contributions and charges to the children, amounted to approximately $76,000,000, or 157 percent of total Federal contributions.

Project 6. Administration of Exportation and Domestic Consumption of Agricultural Commodities Including Marketing Agreements, Orders and Activities Programs

Plan of Work: Marketing specialists continuously analyze the supply, demand, price, and uses for all agricultural commodities and, after consultation with producers, handlers, shippers, processors, warehousemen, and exporters, formulate the type or types of programs best adapted to meet effectively the problems involved. Programs for the diversion of agricultural commodities to both by-products and new uses are operated through contractual agreements with shippers, processors, or other industry groups. Outlets are developed for surplus commodities acquired through purchase programs.

The programs under this appropriation require close cooperation among the various organizational units within the Department and with other Federal agencies whose programs affect the agricultural situation. In addition, close working relations are maintained with farmer associations, representatives of agricultural groups and industries, bankers, grocers, social workers, and relief and educational organizations.

Activities under this Project: In addition to the various foregoing "action" programs which are administered under this project, certain other activities are carried on as follows:

Marketing of Abundant Foods: Although the over-all demand for farm products during any one season or time may exceed supplies, abundances or local surpluses of certain products occur from time to time. These are due to several factors, including overplanting, unusually favorable growing conditions, lack of storage and processing facilities and simultaneous marketing of the same crops from different growing sections. In order to assist growers in alleviating these abundances and at the same time lessen the pressure for outright Government purchases to support prices, a program for promoting the public consumption of abundant crops is significant.

The cooperation of the food advisory committees, distributors, restaurateurs, and hotel operators is continually enlisted to stimulate the consumption of special food items on a national or section basis. Monthly lists giving advance information of foods expected to be in relatively favorable supply for some weeks ahead are sent regularly to the trade in general, as well as to industrial feeders, school lunch operators and all food distribution advisory committees. Through personal contacts, correspondence, trade association bulletins, wholesalers' bulletins and other releases, messages are carried to a large percentage of the half million retail outlets and numerous public feeding establishments. Supplementing the work with the trade, direct appeals are made to the consumer through articles, broadcasts, posters, and other means which point out the value of purchasing and consuming foods in most plentiful supply.

During the past year Nation-wide promotion effort was devoted to a wide range of commodities. In several instances comprehensive drives were required as in the case of eggs in the summerof 1944. Becuasue of the acute situation due to inadequate storage, a Nation-wide appeal to "store an extra dozen" was issued. This appeal was supplemented by emergency radio allocations and the use of every conceivable outlet for getting the information to consumers. The Nation's housewives and the trade responded with the result that the 25 million dozens of eggs, or 1,400 carloads, that were in danger of spoilage were saved and the emergency egg storage problem was relieved. For other products such as peanut butter and citrus marmalade that were particularly abundant in the summer of 1944, and for fresh fruits and vegetables, efforts were largely confined to notification to trade groups and eating places through the "Food Trade Letter" which is regularly compiled and distributed to the trade.

Food Preservation: Food preservation activities operate (1) to encourage and facilitate preservation of food during peak seasons in order to provide additional outlets for surplus commodities, (2) to provide outlets for commodities purchased through price support programs during the summer months when schools are closed and markets for fresh produce are at the lowest point and (3) to promote the preservation of abundant foods for home use.

During the past fiscal year it is estimated that there were more than 6,000 community canning centers throughout the country with a capacity for canning 415,000,000 pounds of commodities during one season.

Arrangements were made with non-profit community food preservation centers and with institutions having canning facilities, to accept, on a contingent basis, produce available from price support purchases and process them for distribution to schools, institutions or other outlets. Information on the capacity and location of centers and institutions with canning facilities was made available to distributing agencies responsible for the allocation of commodities available from price support purchases. By this method, produce procured during the summer months was preserved for later use and considerable quantities of fresh fruits and vegetables were prevented from waste since commercial packing facilities were limited.

In addition to preserving donated commodities, schools were encouraged to purchase and can locally grown foods during peak production periods. The amount of food preserved was also increased by individuals using community canning facilities for home canning.

Field food preservation specialists reviewed canning centers of communities and institutions preserving food, and assisted in the planning and installation of new plants for communities and institutions which had not heretofore possessed such facilities. Technical information on processing foods by approved methods was also made available to new plants to reduce losses from spoilage to a minimum.

Through the service of providing technical information on the processing of food by plants canning for family use, methods of preserving food were to some extent standardized and improved. At the same time locally abundant foods were brought to the attention of these plants.

Marketing Facilities: There are many obstacles in the movement of maximum quantities of farm products from the farm to the consumer. In many large consuming centers considerable sections of the population, particularly low-income groups, do not have adequate quantities of many perishable foods, such as fruits and vegetables, to meet their needs, while at the same time there are supplies of these products in producing areas going to waste or being purchased by the Government because means are not available to bring them from the surplus areas to places where consumers may obtain them. This condition is often due to faulty market organization and lack of adequate facilities for the physical handling of the product.

Wholesale markets for fruits and vegetables in many large cities have grown up without any coordinated plan. Many of these facilities are antiquated and entirely inadequate to meet present needs. Often the facilities are poorly designed and entirely unsuitable since they were not originally constructed for this purpose. Usually wholesale stores are not built to receive products arriving by rail; therefore, such shipments must be unloaded at the railroad siding and trucked to the stores. Markets are often located in sections of a city which were laid out prior to the advent of the motor truck and consequently are hopelessly congested because they were not planned for the use of this type of equipment. Frequently no space is provided where farm trucks can sell at wholesale without causing traffic congestion. Often the existence of more than one market makes it difficult for buyers to buy and assemble their loads and confuses the seller in determining market prices.

Agricultural progress in many producing areas is dependent upon an efficient marketing system for the products grown. Many regions are perplexed with the problem of finding outlets for their commodities. Production of cash crops without outlets is useless, and production of cash crops with an inefficient marketing system is wasteful. Because of the inadequacies of marketing, which forms the connecting link between the growers and the consumer, many producers have great difficulty in disposing of their crops while consumers are deprived of the products which they need.

In cooperation with and at the request of the appropriate State agencies, local needs are analyzed and plans are developed for concentration or assembly markets in producing areas and the improvement of terminal and secondary markets in consuming areas. Individual market plans are drawn to fit marketing needs and improve the methods of handling and distributing commodities. Funds for the actual construction of facilities are provided through public or private agencies.

During the fiscal year 1945 detailed market plans were worked out for Hartford, Connecticut; Miami, Florida; Peoria, Illinois; Richmond and Roanoke, Virginia. Assistance was given the State Director of Markets and the Extension Service in Alabama in designing the first of several markets in the proposed system of markets for that State. Two of these facilities have been completed and are successfully operating, and others are under construction. Work is being carried on with the Chamber of Commerce, wholesalers, farm groups and others in San Antonio, Texas, to determine what is needed there. In cooperation with the State Market Commission, the Experiment Station, the Extension Service, and others in Louisiana, work is being carried on to improve the marketing in that State. In Mississippi, in cooperation with members of the legislature, the Commissioner of Agriculture, the Extension Service and others, plans are being developed for a system of markets.

Since the end of the war, there has been a decided increase of interest in market improvement work. Many cities and producing areas that prior to the war were giving some thought to making plans for providing more efficient markets and found it necessary to postpone these developments, are now anxious to continue so that the plans will be ready for construction to begin just as soon as materials are available. Also, it is generally recognized that with the new level of production achieved during the war, the need for outlets for farm products will be even more acute in the post war years. At the present time work is being carried on in connection with the plans for approximately 10 markets and 2 State systems. In addition, requests have been received for assistance on at least 20 markets including 2 State systems. It is anticipated that requests for assistance will continue to be made.

Public markets make excellent self-liquidating projects and if properly planned result in expanded outlets for farm products thus benefitting both the farmer and the consumer.

Administration of the Agricultural Marketing Agreement Act: Marketing costs are relatively inflexible; packaging, freight, and similar charges are about the same per unit of produce marketed, regardless of the price the produce brings. When the price falls too low, the grower has little or nothing remaining after the costs are paid. When prices are too high, the consumer is unable to purchase the same volume of goods that he would buy if prices were reasonable.

Stabilizing supplies and prices at a balanced level benefits both the grower and consumer and prevents waste of the product. Experience has demonstrated that with proper adjustment of shipments to demand, it is possible to market a greater quantity of a given product over a marketing season at a price fair to consumers yet more remunerative to growers than if the crop were "dumped" on the market without regulations and without regard to what the market can take at a given time.

The Agricultural Marketing Agreement Act is designed to regulate the flow of agricultural commodities and products to market in such a way as to insure orderly distribution during the entire marketing season and to maintain adequate returns to producers, thus tending to reduce demands for support of price with government funds.

There were 25 marketing agreement and order programs in effect for fluid milk during all or part of the year ended June 30, 1945. Approximately 121,000 producers producing over 13 billion pounds of milk worth nearly 445 million dollars were affected by these marketing programs during the year.

Fourteen hearings were conducted during the fiscal year 1945 to consider the issuance of new programs or amendments to existing programs. Seven orders were amended and 4 new programs were made effective. At the close of the fiscal year, there were pending two new orders as

well as action on hearings to consider programs in two additional areas and amendments to two existing orders. At present (January 1946) consideration is being given to programs in five additional areas and to amendments to twenty existing orders.

The marketing order issued to regulate the handling of milk in the Clinton, Iowa, area effective October 1, 1944, was the first order to provide for a separate accounting for both skim milk and butterfat and for separate pricing of these component parts of milk. One of the most significant amendments to existing orders was the amendment to the New York order effective August 1, 1945, to provide for (1) a new method of determining which plants in the six-State milk-shed are to participate in the market-wide equalization pool and (2) a specific procedure for issuance by the market administrator, with approval of Secretary, of rules and regulations to effectuate the terms and provisions of the order relating to the classification of milk. This latter provision--the first such provision to be included in a milk marketing order--is expected to result in reducing controversy over interpretation of order provisions and to be a step toward better administration of technical aspects of milk marketing regulations.

Table I (following) reflects the estimated number of cooperating producers, estimated volume of pooled milk, and estimated total value of pooled milk at basic butterfat tests, in various fluid milk markets under marketing agreement programs, July 1, 1944 - June 30, 1945.

Since farm prices for commodities covered by fruit and vegetable marketing agreements have generally been at or above parity during fiscal year 1945, there was activity under only 6 of the 22 programs in effect. Agreement organizations were maintained, however, for most of the inoperative programs so that operations might be resumed promptly if prices fell below parity.

Table II (following) shows the approximate number of growers and estimated farm value of fresh fruits and vegetables covered by marketing agreement programs in effect all or a part of the fiscal year 1945.

Plans for assisting producers in the marketing of their crops include special emphasis on the use of marketing agreement programs. A historical study of marketing agreements is now being made in order to determine (1) the factors necessary for successful operation of the agreements and (2) the need for agreements on specific commodities in the future. Consideration is also being given to the development of marketing agreements for crops in areas where there have been no recent activities.

TABLE I

Milk Marketing Programs

Market	Basic butterfat test	Number of producers	Annual volume	Value of milk at basic test
	Percent	Numbers	1,000 pounds	Dollars
Boston, Massachusetts (191-200 mile zone)	3.7	14,019	1,360,964	45,251,614
Chicago, Illinois (70-mile zone)	3.5	17,370	2,565,757	79,006,676
Cincinnati, Ohio	3.5	4,682	277,981	9,088,169
Clinton, Iowa 1/	3.5	195	8,265	243,591
Dubuque, Iowa	3.5	178	22,121	639,843
Duluth-Superior, Minn.-Wisc.	4.0	1,272	81,269	2,525,936
Fall River, Massachusetts	3.7	245	32,601	1,401,438
Fort Wayne, Indiana	4.0	826	51,636	1,685,727
Kansas City, Mo.-Kans.	3.8	1,835	179,434	6,353,969
La Porte County, Indiana	3.8	194	16,869	567,092
Louisville, Kentucky	4.0	1,671	174,612	6,256,969
Lowell-Lawrence, Massachusetts	3.7	860	69,542	2,846,541
New Orleans, Louisiana (61-70 mile zone)	4.0	2,042	152,669	5,452,386
New York, N. Y. (201-210 mile zone)	3.5	50,199	5,941,529	195,882,373
Omaha-Council Bluffs, Nebr.-Iowa	3.8	2,361	119,424	3,707,234
Philadelphia, Pennsylvania	4.0	9,389	968,314	37,376,511
Quad Cities, Ill.-Iowa	3.5	1,211	92,554	2,765,204
St. Joseph County, Indiana	4.0	641	58,803	2,028,196
St. Louis, Missouri	3.5	3,662	360,635	12,451,597
Sioux City, Iowa	3.5	499	29,248	875,305
Suburban Chicago 2/ (70-mile zone) 3/	3.5	602	71,503	2,331,601
Suburban Chicago 4/ (70-mile zone) 3/	3.5	2,474	159,920	4,970,846
Toledo, Ohio	3.5	2,172	134,846	4,429,581
Topeka, Kansas	5/	150	17,250	537,559
Washington, D. C.	4.0	1,594	367,522	14,600,976
Wichita, Kansas	3.8	379	38,892	1,413,983
Total		120,722	13,354,160	444,690,917

1/ Order effective September 1, 1944. 2/ Grade A. 3/ Order effective October 1, 1944. 4/ Grade B.
5/ Reported as butterfat and converted to 3.5 percent milk equivalent.

Compiled from reports of the market administrators.

12/10/45

TABLE II

Fruit and Vegetable Marketing Programs

Commodity and Area	Number of Growers	Farm Value of Products covered by Agreement
Buerre Hardy Pears - California **	500	1/
Fresh Bartlet Pears, Plums, and Elberta Peaches - California	7,500	$12,700,000
Fresh Peas and Cauliflower - Colorado **	650	2,400,000
Fresh Prunes, Washington and Oregon **	600	1,900,000
Grapefruit - California and Arizona Desert	1,450	3,900,000
Hops - Oregon, California, Washington, and Idaho **	950	15,200,000
Lemons - California and Arizona	6,500	32,900,000
Onions - Colorado **	1,100	3,100,000
Onions - Utah ** 2/	180	400,000
Oranges, Grapefruit, and Tangerines - Florida	20,000	94,500,000
Oranges - California and Arizona	20,000	123,000,000
Peaches - Colorado **	600	3,200,000
Peaches - Utah **	2,000	700,000
Peaches - Georgia 3/	600	10,000,000
Potatoes - Colorado **	4,200	16,800,000
Potatoes - Idaho and Oregon	9,300	27,900,000
Potatoes - Oregon and California **	1,200	16,100,000
Potatoes - Michigan, Wisconsin, Minnesota, and North Dakota **	110,000	49,400,000
Tokay Grapes - California **	1,500	2,300,000
Tomatoes - Mississippi ** 4/	2,000	800,000
Walnuts - California, Oregon, and Washington **	14,000	17,400,000
Winter Pears - Oregon, Washington, and California **	3,000	11,000,000
Total	207,830	445,600,000

1/ Practically all of this commodity was diverted to canneries.
2/ Terminated 5/18/45
3/ Suspension revoked 12/26/44
4/ Terminated 6/1/45

** Represents marketing agreement programs which were in effect during fiscal year 1945 but which did not become operative because prices for the commodity remained above the established percent of parity throughout the marketing season.

(h) Commodity Credit Corporation

Note.--In view of the lateness of the passage of the Government Corporation Control Act (Public Law 248, 79th Congress), approved December 6, 1945, the regular Budget for 1947 does not include estimates for a budget program or plan of operations for the Commodity Credit Corporation. Heretofore, the annual Budget and Agricultural Appropriation Bill have included an item specifically limiting the amount to be expended from funds of the Corporation for administrative expenses. The budget program or plan of operations required by the Government Corporation Control Act will be submitted to the Congress in the spring as a supplement to the regular 1947 Budget.

(i) Federal Crop Insurance Corporation

Note.--In view of the lateness of the passage of the Government Corporation Control Act (Public Law 248, 79th Congress), approved December 6, 1945, the regular Budget for 1947 does not include estimates for a budget program or plan of operations for the Federal Crop Insurance Corporation. Heretofore, the annual Budget and Agricultural Appropriation Bill have included an appropriation for administrative expenses for carrying out the Federal Crop Insurance Act. The budget program or plan of operations required by the Government Corporation Control Act will be submitted to the Congress in the spring as a supplement to the regular 1947 Budget.

Marketing Services

(j) Salaries and Expenses-Preamble

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> For the employment of such persons and means in the city of Washington and elsewhere (including not to exceed [$1,228,446] $2,421,982 for departmental personal services in the District of Columbia) as may be necessary in conducting investigations, experiments, and demonstrations, [either independently or in cooperation with public or private agencies, organizations, or individuals,] as follows:

The sole purpose of the proposed deletion of the clause "either independently or in cooperation with public or private agencies, organizations, or individuals," is to shorten and simplify the item. This clause is considered surplusage and, therefore, need not be retained in the annual Appropriation Act since the cooperative work is authorized by the Act of May 15, 1862 (5 U.S.C. 511), establishing the Department of Agriculture, as implemented by the Act of July 24, 1919 (5 U.S.C. 563-564). Elimination of this language from the annual Appropriation Act will not--in any way--change the scope or character of the work performed under this appropriation item, or the authority of the Department to cooperate with other agencies, institutions, organizations, or others in the conduct of such work.

(k) Market News Service

Appropriation Act, 1946		$1,125,300
Anticipated supplemental due to the Federal Employees Pay Act of 1945		142,000
Total anticipated available, 1946		1,267,300
Budget estimate, 1947		1,252,000
Change for 1947:		
Overtime decrease	-22,500	
Increase	+7,200	-15,300

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Market news on livestock, meats and wool	$420,987	$488,085	$490,945	+$2,860
2. Market news on fruits and vegetables	435,833	497,900	500,815	+2,915
3. Market news on dairy and poultry products	122,126	143,050	143,885	+835
4. Market news on grain, hay, feed, seed, rice, hops, and beans	61,231	70,660	71,075	+415

PROJECT STATEMENT - Continued

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
5. Market news on cottonseed	14,947	19,170	19,195	+25
6. Cold storage reports	20,874	25,935	26,085	+150
7. Overtime pay	146,265	22,500	- -	-22,500
Covered into Treasury as miscellaneous receipts, Public Law 529	5,834	- -	- -	- -
Unobligated balance	43,193	- -	- -	- -
Total available	1,271,290	1,267,300	1,252,000	-15,300
Anticipated supplemental	- -	-142,000	- -	
Total estimate or appropriation	1,271,290	1,125,300	1,252,000	

INCREASES OR DECREASES

The net decrease of $15,300 in this item for 1947 consists of the $22,500 decrease for overtime, and increases, as indicated for each project, aggregating $7,200 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

CHANGES IN LANGUAGE

The estimates propose that the following language relating to cooperation be deleted from the language of this item:

> "independently and in cooperation with other branches of the Government, State agencies, purchasing and consuming organizations, and persons engaged in the production, transportation, marketing, and distribution of farm and food products,"

The sole purpose of the proposed deletion of this language from the appropriation is to shorten and simplify the item. This clause is considered surplusage and, therefore, need not be retained in the annual appropriation act, the cooperative work being authorized by the Act of May 15, 1862 (5 U.S.C. 511), establishing the Department of Agriculture, as implemented by the Act of July 24, 1919 (5 U.S.C. 563-564). Elimination of the language from the annual appropriation act will not - in any way - change the scope or character of the work performed under this appropriation item or the authority of the Department to cooperate with other agencies, institutions, organizations, or others in the conduct of such work.

WORK UNDER THIS APPROPRIATION

Objective: In order to facilitate the orderly distribution of farm products and give farmers a basis for knowing whether or not they are receiving the true market prices for their products, the market news service reports on the supplies and prices of the most important farm products in many of the leading markets.

The Problem and its Significance: Reliable market information is a practical necessity in the operations and plans of those who produce, buy, or sell agricultural commodities. Without it, the farmers of the country cannot hope to obtain the best returns for their efforts and investments. Market news is also of increasing value to homemakers.

It would be difficult if not impossible to measure the value of market news in terms of dollars. Market news not only assists the producer in getting a fair return for his products but it plays an important part in getting effective distribution of agricultural products. The demand for market news is probably the best yardstick by which its value can be measured, and the demand is not only greater than ever before but is growing steadily. Producers today no longer are at great disadvantage when they compete with strong commercial organizations able to obtain information through far-flung trade connections. The distribution of information by the Federal Government discourages the dissemination of fictitious and misleading market information. The record of trading activities provides a continuous story for use by marketing specialists and economists in making studies and analyses of production, demand, price, and distribution, and it aids economic research aimed at improving marketing methods.

In addition, the Market News Service is used by various Government agencies, and by persons and organizations outside Government, to supply background information necessary in carrying on programs dealing with the marketing or distribution of agricultural products.

Before the Federal market news service was established, only a relatively few producers could get the needed information in time for it to be of practical value--if they could get it at all. Too frequently the information that did reach them was colored to the advantage of persons seeking to profit by it.

General Plan: Daily market news reports are issued by 77 year-round offices in 42 cities and about 40 temporary offices located in the major producing and distributing centers. The service covers the movement, market supplies, quality, and price trends and quotations on livestock, meats, wool, fruits, vegetables, dairy and poultry products, grain, hay, seeds, feedstuffs, cottonseed, rice, hops, beans, and other products. Reports are issued under six projects: (1) livestock, meats and wool, (2) fruits and vegetables, (3) dairy and poultry products, (4) grain, hay, feed, seed, rice, hops, and beans, (5) cottonseed, and (6) cold storage.

Much progress has been made in the development of the service. For example, it is now possible--and within an almost fantastically short time--for the poultry farmer in New England, the southern fruit and vegetable grower, or the Corn Belt cattle feeder to get accurate, unbiased information essential to the effective and profitable marketing of his products. For the Market News Service uses extensively all the modern means of promptly transmitting the information it collects.

Securing the information which goes into these market reports is frequently a complex job. Reporters on the markets interview buyers and sellers during trading hours and also inspect records made available by these trade interests. They observe actual transactions and make an appraisal of the quality, grade, or condition of the commodities since these are important factors in determining whether the established prices are actually higher, lower, or unchanged from previous trading sessions. Such appraisals can be made because the reporters are commodity specialists. Information on shipments from producing centers and arrivals at terminal markets is received from railroads and boat lines. Reports of truck unloads at certain large cities, warehousemen's reports of stocks in storage are collected and numerous contacts with other groups are made for essential information.

Information received at any one market is quickly made available to the public by means of radio, press, telephone, mail, and bulletin board. It is further distributed widely over leased and commercial telegraph wires to all important trading centers, through trade and farm publications, commercial and financial institutions, and other agencies. Daily market reports are mailed to thousands of interested persons. This service is supplied on request. Most newspapers--particularly in farming areas--carry market news as a regular feature.

The radio plays an increasingly important role in the prompt dissemination of market news. The number of radio stations carrying such reports was 3 in 1921, 110 in 1929, and today is more than 500--well over half the radio stations in the country. A number of stations supply facilities that enable the reporters to broadcast direct from the market. Some of the stations provide 3 to 5 scheduled broadcasts a day in order that producers in the territory they serve may be kept fully and promptly informed about trends and other important changes in marketing conditions.

Progress and Examples of Current Programs: Since the first market news report was issued, nearly 30 years ago, the Federal market news service has become an indispensable factor in the American system of marketing farm products. Popular demand has brought about the wide dissemination of market news. Today 565 radio stations broadcast market reports as a part of the regular program; every press service in the country carries some of the reports; about 800 subscribers receive daily reports by commercial telegraph; metropolitan newspapers having a total circulation of many millions carry regular and special reports--all of this without cost to the Government.

From year to year new offices have been opened and the service has been expanded through Federal-State cooperation without the necessity of a corresponding increase in Federal funds. In fact, the appropriation for Market News Service is less today than it was in 1918.

The following examples of recent accomplishments are cited by projects:

1. Market news on livestock, meats, and wool: Increased demand for meat supplies during fiscal year 1945, coupled with a 5 percent decrease in the volume of livestock marketings, resulted in an increased demand for more specific and detailed market information relating to every local market area. This combination of circumstances made the price and receipts information, furnished as a part of market news service, an indispensable adjunct to orderly marketing. Price and receipts information by grades covering the movement of livestock from farms and ranches to slaughtering plants and to feedlots was supplied throughout the year at 28 major terminal markets and in three direct trading areas. Regular reports on supplies and trade conditions were furnished covering five of the larger wholesale meat centers and the Boston wool markets. Through the facilities of approximately 8,600 miles of leased wire, 23 of the Nation's largest livestock markets were afforded instantaneous communication with one another daily from the time the available market supply was known until completion of each day's trading.

Special problems encountered and special services rendered. The importance of accurate estimates of live cattle grades was emphasized when, on January 1, 1944, the Office of Economic Stabilization established a price range by grade at each market for determination of slaughter subsidy payment. The job of the market news reporter became more exacting because of influences not present in a normal competitive market, such as the wide range of prices and the various factors that influence the market under price and slaughter restrictions and subsidy payments.

Early in the fiscal year the hog markets were at the support price level. Daily receipts at most markets were in excess of the slaughter capacity of plants. Daily carry-over was the rule. To improve and direct a more orderly flow of hogs to market, the livestock market news offices worked closely with the special hog marketing committees set up in the Corn Belt. These offices assembled much of the information used in the special daily hog marketing situation reports which were released throughout the period of congested marketing. Hog receipts have since declined rapidly; prices have advanced above the support level; and the ceiling level was reached in January 1945. Since that time, demand has far exceeded supply and the emphasis has shifted from price information to supply information in relation to demand.

Other special services related to market reporting have become a necessary and regular part of the work. Market news reporters serve as judges and official graders at 4-H and Future Farmers of

America clubs, livestock shows, and sales; they conduct livestock marketing tours at public stockyards and serve as consultants and advisors to market improvement committees.

2. Market news on fruits and vegetables: Permanent Federal market news offices were maintained in 21 cities, and market news was made available to 9 permanent State offices through cooperative agreement. Seasonal offices were set up in 37 producing areas during the active shipping season. In addition the service was made available to 4 State seasonal offices through cooperative agreement. Through daily contacts with members of the trade, Federal reporters in all offices obtained a complete, detailed, and current picture of supplies, demand, trading, quality and condition, market trends, and prices on all important fruits and vegetables for widespread dissemination. During 1945, 9,313,000 reports were mailed to about 59,000 individuals and firms. Fruit and vegetable market news was broadcast by 498 radio stations including about 325 syndicated stations. Forty metropolitan newspapers with a circulation of about 11 million carried fruit and vegetable market reports.

A report of shipments for the entire country covering movement of 46 fruits and vegetables during each 24-hour period, as reported by originating railroads and boat lines, was released early each morning by telegraph from Washington, D. C., to all permanent and temporary offices, and to commercial firms upon request--the latter paying for the service. At all permanent offices reports were compiled showing carlot arrivals of all commodities by States of origin, track holdings, diversions, and unloads. Monthly and annual summaries of unloads were compiled in all offices. In 10 offices records of truck receipts were compiled. Weekly peanut reports, mailed to about 1,200 interested persons and semi-monthly honey reports going to a list of some 2,500 names were prepared and issued in Washington.

During the fiscal year 1945 fruits and vegetables cooperative agreements were in effect with 19 States and the Territory of Hawaii. These agreements made possible a more extensive service than could have been rendered with Federal funds alone. The extent of cooperation varies between States. In some, the cost of operation of the market news work is divided equally between the Federal and State agencies. In others, the cooperation may be in the form of services of one clerk or contribution of a relatively small sum of money by the State. Most of the State cooperation is in connection with the operation of seasonal offices in heavy producing areas.

3. Market news on dairy and poultry products: Market information on dairy and poultry products was disseminated during fiscal year 1945 from offices located in 14 cities. Two hundred and ninety-four stations broadcast 141,120 reports. A recent circularization of the mailing list revealed that of the 15 groups polled the 6 groups that have made most extensive requests for the service make use of this market data as indicated below:

Users and Uses of Information

a. Producers: To determine where and when to sell products, and prices to charge; to check price returns on market shipments.

b. Dealers: Prices used as basis for returns to producers; statistics used to formulate buying and selling policies, and storing operations.

c. Processors: To determine markets, prices, supplies, and trends; determine inventory and storing policy; base payments to producers; coordinate sales and distribution.

d. Professional and Educational: Teaching, extension, and farm planning; in connection with legal services performed; as a background for merchandising and advertising counsel; preparation of published material, press releases, and radio scrips.

e. Retailers: To determine prices to producers and dealers; to determine market trends and selling prices.

f. Government Agencies: Planning and adjusting purchasing and price support programs; pricing formulas in marketing agreements; market analysis; price analysis; outlook reports.

The first step in reporting FOB prices at shipping points was made during 1945 involving egg prices at Petaluma, California. This type of information has been requested by producers and shippers. During the year, weekly information on local wholesale and retail selling prices of milk and cream was added to the market reports, supplementing the reports on sweet cream prices atNew York, Philadelphia, and Boston. Service was resumed at New Orleans on July 1, 1944, in response to local industry requests, funds having been provided in the 1945 appropriation.

Information on weekly retail movements of eggs was developed by the Los Angeles office during the year similar to that already available at Chicago and San Francisco. The basic data for these reports is secured from sample groups of dealers who supply retailers and from large retail distributing companies. The combined reports of quantities of eggs moved direct to retail stores by such agencies furnishes a close-up picture of current consumption.

The Federal-State arrangement in one State (Virginia) is cited as an example of cooperative agreement. Approximately 40 country grading stations, where eggs are delivered by farmers and bought by receivers on a graded basis, report daily prices to Richmond. Here the information is compiled and released to several different marketing areas in the State. The knowledge that higher prices are being received for higher quality products stimulates quality production and results in higher returns to producers. Other agreements are in effect with the States of California, Michigan, New York, Washington, and Alabama. The agreements with Alabama and

Washington were entered into during 1945. Leased wire service between Portland and Seattle was restored on July 1, 1944, after having been discontinued a year earlier because of reduction in appropriation. The cooperative agreement recently negotiated with the Washington State Department of Agriculture provides for a more complete service at Seattle.

4. Market news on grain, hay, feed, seed, rice, hops, and beans: Eight offices disseminate market news on these products. Spring wheat and flax farmers are serviced from Minneapolis; the corn belt from Chicago; winter wheat growers and central western alfalfa and prairie farmers look to Kansas City for information; the Atlanta office serves farmers, livestock feeders and dairymen in the southeastern quarter of the United States; wheat growers in the Pacific northwest are serviced by the office in Portland, Oregon; and the Federal State market news service conducted at San Francisco and Los Angeles supplies grain, hay, and feed market information to agricultural interests in California.

Growers, shippers, and dairymen are extensive users of grain, hay, and feed market news. Information on prices, supplies, and movement of hay was distributed in the two most important producing areas -- Southern California and the Central West. The American rice crop, now worth about 175 million dollars annually, is covered by this service. The entire rice industry uses the service. Growers of hops, long dependent on buyers for market information, now know through this service what their crop is worth when they place it on the market with the result that they are getting more equitable returns. A service on beans and barley is conducted in California under cooperative agreement with the State.

5. Market news on cottonseed: The market news reports cover cottonseed marketed for crushing purposes. They are used by farmers, ginners, oil mills, and others producing and marketing cottonseed and cottonseed products. The value of cottonseed and its by-products has been greatly enhanced as science has discovered new uses for it. During the past 75 years cottonseed has been transformed from a worthless cotton by-product, which created a disposal problem, to an important source of food and feed and a valuable ingredient in the manufacture of various articles.

About 5 million tons of cottonseed valued at some 250 million dollars provide a major source of income for more than 1-1/2 million farmers. Market news reports provided under this item show these farmers what their cottonseed is worth, by grade. A mailing list of 7,515 is maintained.

6. Cold storage reports: The work done under this project is concerned with the storage of vast quantities of agricultural products in refrigerated facilities. According to the latest space survey the capacity of public, private, and semi-private warehouses, apple houses, and meat-packing plants in the United States (space owned or leased and operated by the armed services excluded) is

more than 465 million cubic feet net piling space. These reports show the monthly stocks of each commodity and the percentage of space occupied in each part of the country.

A substantial increase in commodity coverage and a simplification of reporting was effected in the fiscal year 1945 through a revision of the questionnaire which is filled out by operators of facilities. Considerable savings resulted from improved follow-up procedures introduced during the past year which eliminate between 200 and 300 telegrams monthly.

Perhaps the most important single improvement in the cold storage report during 1945 was the addition of a table showing the commodity holdings of all Government agencies included in the over-all stocks. Other improvements include (1) a bar chart representing volume of commodities in storage, (2) an analytical table with a summary of first-of-the-month holdings and changes during the previous month; (3) statistics on occupancy in key warehousing metropolitan centers; and (4) a table showing cold storage holdings of fish.

The cold storage report constitutes the only source of such information in the country. The data are used extensively by operators, dealers, warehousemen, brokers, bankers, research, and statistical institutions and Government agencies. The report has been of value to those needing space, particularly in peak seasons, by keeping them constantly informed of available space and possible tight situations to come. Through individual requests almost 200 names were added to the mailing list in 1945, an increase of 10 percent over that of the previous year. The information contained in the reports is also widely disseminated by the press.

Examples of the purposes served by the cold storage reports are:

a. Data on size of stocks on hand aid in marketing and food management programs.

b. Information on location of available space assists producers and food handlers in finding storage space and indicates where expansion of facilities is most needed.

c. The reports serve as a guide to the best use of limited space available.

d. The stock figures are needed for all types of market information including that used in food rationing.

(1) Market Inspection of Farm Products

Appropriation Act, 1946		$474,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+68,000
Total anticipated available, 1946		542,000
Budget estimate, 1947		536,000
Change for 1947:		
Overtime decrease	-10,410	
Increase	+4,410	-6,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated	Increase or decrease
1. Inspection and certification of fresh and processed fruits and vegetables	$311,634	$371,835	$374,695	+$2,860
2. Grading and certification of dairy and poultry products	60,223	66,715	67,430	+715
3. Inspection and certification of rice, hay, beans, peas, seed and hops	27,021	32,370	32,610	+240
4. Grading and certification of meats	21,555	27,040	27,385	+345
5. Inspection of cottonseed	26,391	33,630	33,880	+250
6. Overtime pay	66,960	10,410	- -	-10,410
Covered into Treasury as miscellaneous receipts, Public Law 529	547	- -	- -	- -
Unobligated balance	33,348	- -	- -	- -
Total available	547,679	542,000	536,000	-6,000
Anticipated deficiency, 1946	- -	-68,000	- -	
Total estimate or appropriation.	547,679	474,000	536,000	

INCREASES OR DECREASES

The net decrease of $6,000 in this item for 1947 consists of the $10,410 decrease for overtime, and increases, as indicated for each project, aggregating $4,410 for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> For enabling the Secretary [, independently and in cooperation with other branches of the Government, State agencies, purchasing and consuming organizations, boards of trade, chambers of commerce, or other associations of businessmen or trade organizations, and persons or corporations engaged in the production, transportation, marketing, and distribution of farm and food products, whether operating in one or more jurisdictions,] to investigate and certify, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of cotton, tobacco, fruits, and vegetables, whether raw, dried, canned, or otherwise processed, poultry, butter, hay, and other perishable farm products when offered for interstate shipment * * *

The sole purpose of these proposed changes is to shorten and simplify the language of this appropriation item. Except for the phrase "whether operating in one or more jurisdictions," the language proposed for deletion is not necessary and could be removed since cooperation is authorized by the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture, as implemented by the Act of July 24, 1919 (5 U.S.C. 563, 564). The phrase referring to operations in one or more jurisdictions was added to the language of the Agricultural Appropriation Act, 1929, in order to permit cooperation with organizations or entities doing business in more than one State (see House Hearings, 1929 Appropriation Bill pp. 845, 846), and thereby overcome certain of the restrictive provisions of the Act of July 24, 1919.

In order to insure continuing cooperation with parties or others doing business in more than one State, however, it is necessary to preserve the authority contained in the phrase "whether operating in one or more jurisdictions,". It is, therefore, proposed to retain the phrase "in one or more jurisdictions", but to relocate it so as to modify the expression "to investigate and certify", thus preserving the original meaning. The proposed language change does not modify or increase the scope of activities presently being carried on under the item.

WORK UNDER THIS APPROPRIATION

Objective: To provide an impartial inspection and grading service for farm products. Federal standards are used as a basis for grading and certificates are issued as to the class, quality, and condition of the commodities inspected. The Federal certificate forms a basis for mutual understanding between negotiating parties which is necessary for the achievement of an orderly system of marketing.

The Problem and its Significance: One of the first requirements in orderly marketing is the provision of some means whereby a product may be accurately and impartially described so that buyer and seller alike may know whether specifications are being met although neither may actually see the commodity. The inspection certificate has come to fill this very important requirement in the marketing of farm commodities. It helps to settle disputes which arise among buyers, sellers, carriers and other parties. Grading also encourages the production and packing of higher quality products and enables farmers and dealers to move to each market or outlet the grade of product desired by it, thus tending to expand total sales and increase the total return to producers. The demand for this service has increased with the increase in food production during recent years.

General Plan: This inspection service is permissive and is provided upon request. Inspections of farm products are made, and certificates issued by inspectors who are either Federally employed or Federally licensed. Licensees are trained and supervised by Federal supervisors who are responsible for the uniform interpretation and application of United States standards.

The majority of the work is done under cooperative agreements with States. Fees collected for the service are used to pay practically all of the cost of salaries and other expenses of the inspection force. Under some agreements the inspectors who are licensed and supervised by the Federal Government are employees of the cooperating agency; in other cases they are employees of the Federal Government.

Revenue: In addition to the earnings that are used to defray the cost of inspections, the sum deposited annually to the "miscellaneous receipts" account of the Treasury amounts to about 90 percent of this appropriation. During the war years the volume of inspection work increased materially in all commodity groups. This expansion resulted in a corresponding increase in deposits that reached $500,651 or 97 percent of expenditures from this appropriation in 1945.

Progress and Examples of Current Programs: The work of inspection, or grading, and certification is conducted along commodity lines under five projects as follows:

1. Fresh and processed fruits and vegetables
2. Dairy and poultry products
3. Rice, hay, beans, peas, seed, and hops
4. Meats
5. Cottonseed

Table 1 reflects the volume of inspections by commodities, for the past three years.

Table 1 - Volume of Inspections

Products Inspected	Fiscal Year 1943	Fiscal Year 1944	Fiscal Year 1945
Fresh fruits and vegetables (cars or carlot equivalents):			
Receiving markets:			
for commercial firms..	31,694	29,737	30,296
for public and private agencies.....	33,634	50,796	86,618
	65,328	80,538	116,914
Shipping points:			
Fresh products inspected at loading points.	479,249	555,042	606,713
Fresh products for processing plants.....	112,079	82,050	102,433
	591,328	637,092	709,146
Processed fruits and vegetables (gradings expressed in terms of carload equivalent).....	703,009	764,141	831,095
Dairy and poultry products:			
Butter graded (lbs.)....	443,494,164	358,069,786	218,113,437
Cheese graded (lbs.)....	216,391,348	294,092,526	192,752,188
Eggs graded (cases).....	5,550,894	10,179,543	12,184,359
Dressed poultry graded (lbs.).....	44,950,843	91,458,617	112,804,005
Dressed poultry inspected (lbs.)	168,855,548	180,629,751	208,191,099
Live poultry, graded (lbs.):	1,511,331	18,514,926	549,138
Dressed turkeys, " (lbs.):	67,124,483	43,729,812	46,510,039
Frozen eggs, graded and/or inspected (lbs.)....	28,669,185	16,709,998	95,872,111
Dry milk, graded (lbs.).	290,333,338	360,199,437	400,218,086
Evaporated milk, graded (cases).....	8,094,123	14,400,193	14,295,296
Dried eggs, graded (lbs.):	227,741,197	261,558,327	172,830,975
Butter oil (lbs.)	New	14,217,531	7,562,152
Butter for Butter oil (lbs)	Activities	20,299,091	5,855,821
Carter's Spread (lbs.)	started	44,712,481	1,913,284
Butter for Carter's Spread (lbs.).....	January 1, 1944	39,538,104	1,041,334

Products Inspected	Fiscal Year 1943	Fiscal Year 1944	Fiscal Year 1945
Grain products:			
Rice (100-lb. bags).....	9,348,272	12,790,966	14,702,718
Hay (tons).....	287,555	519,499	301,914
Beans and peas (100-lb. bags).....	14,685,000	23,248,000	22,528,000
Hops (bales)	- -	- -	245,300
Seed dockage inspections of timothy and sweet clover (lbs.).....	7,963,000	5,748,000	3,071,264
Seed verification (lbs.)..	54,066,000	60,313,000	35,575,000
Meats and meat products graded (lbs.):			
Fresh and frozen:			
Beef	3812,544,342	7844,370,469	8,684,669,167
Veal and calf.....	335,949,017	1023,643,048	1,455,577,277
Lamb and mutton.....	278,127,260	1,081,427,606	1,051,156,608
Pork	189,443,128	628,541,150	328,864,908
Cured Meats (beef and pork)	481,169,576	503,858,990	293,543,985
Manufactured:			
*Lard and lard substitutes	746,095,052	1,268,715,823	441,249,096
Sausage and ground meats	6,396,519	11,864,651	19,130,216
Miscellaneous meat Products	1,079,769,520	712,546,298	433,206,253
Cottonseed (samples analyzed).....	158,766	147,121	157,088

*Includes oleomargarine and oleo oil.

Fresh fruit and vegetable inspections are made at receiving markets or at shipping points as requested. In 1945 service was given at 64 terminal markets, naval stations, and quartermaster market centers. Shipping point inspections, including carload lots going to market as fresh produce and tonnage intended for processing, were made at hundreds of loading points throughout the country. This work is done under cooperative agreements with State agencies and similar organizations. Approximately 2,000 licensed inspectors handled the work. They were trained and supervised by about 30 Federal supervisors, each being responsible for the work in a specified area. All Federal expenditures in connection with shipping point inspections were fully reimbursed by the cooperating agencies.

The inspection of processed fruits and vegetables continued in heavy volume throughout 1945. The canning and frozen food industries made wide-scale use of the service in heavy volume during the year. The entire packs of many packers were inspected and certified. Wholesale grocers, chain stores, and other retail outlets used the service extensively.

All inspection and grading of dairy and poultry products during the fiscal year 1945 continued on a self-supporting basis. Services of various States have been available to handle the volume of work by means of Federal-State cooperative agreements. With the exception of Wisconsin and Nevada, Federal-State agreements are now in force in all States. This cooperation with the States is resulting in a wider use of the grading service.

Inspections as to the condition of eggs purchased under the Government's price-support program provided a basis for determination of the most advantageous disposition to be made of the eggs. All breaking operations in connection with these programs were supervised and a large number of inspections as to condition of frozen eggs were required at the time of their arrival at warehouses. All frozen eggs owned by the Commodity Credit Corporation were examined for condition at the warehouse prior to their shipment to drying plants. Information obtained from these examinations has been helpful in establishing more adequate procedures for the supervision of egg breaking operations.

The laboratory at Chicago began bacteriological examination of dried and frozen eggs during the year. These examinations were used as a basis for determining compliance with sanitary requirements in egg drying plants. With the decline in purchase of dried and frozen eggs for Lend-Lease purposes, a number of firms which had previously used supervision only for sales to Government agencies have entered into contracts for this service in connection with processing of products for commercial use. A wide industry demand seems to be developing for this service in connection with commercial egg breaking and freezing operations.

In cooperation with the States of Oregon, Washington, California, and New York an inspection service on hops was inaugurated effective August 1, 1944. O.P.A. price regulations stipulated that tests for evaluating hops in terms of leaf, stem, and seed content were necessary to enable growers to sell their hops and to receive the maximum price permitted. A total of 245,300 bales was inspected. The total for each of the large producing States is as follows: Oregon, 89,700 bales; Washington, 86,600 bales; and California, 67,000 bales. This service conducted on a self-supporting basis proved highly satisfactory to all agencies.

The increase in inspections of rice (see Table 1) was due largely to milling tests on rough rice in California. In the Southern rice-growing States much interest was shown in the inspection of low grade milled rice. There was an unprecedented demand throughout the year for rice as an item of food.

In order to give prompt service in connection with the delivery on Government contracts of beans and peas out of warehouses the service was established at two new points during the year, St. Louis and Peoria.

The volume of meat and meat products graded and certified in 1945 was slightly lower than the all-time high of 13 billion pounds in 1944, but still almost double that of any previous year. The decline in volume is accounted for entirely by the great reduction in the amount of lard examined for condition and compliance with contract specifications. The amount of fresh and frozen meats graded was 7 percent larger than in 1944. The volume of grading for commercial firms increased during 1945 more than one billion pounds over the 1944 volume of that type of grading. During the latter part of the year there was a decline in the volume of Government purchases.

During 1945 the number of graders employed on meat grading and specification examination work was increased from 683 to 716. This increase made possible (1) the extension of the grading service to many areas that had not been previously covered, and (2) the cancellation of numerous examination certificates which had permitted the small slaughterer to grade his own meat. Supervisors were fully occupied in maintaining uniformity in application of the grade standards.

In connection with the Government's program for securing the vitally important products of cottonseed all cottonseed purchased must be graded. Licensed and bonded samplers stationed at crushing mills draw samples of cottonseed offered for sale. Qualified chemists are licensed to analyze the samples and determine grades. Licenses were issued for the season as follows:

Samplers:	
New licenses	121
Renewals	458
Total, licensed samplers	579
Chemists:	
Renewals	24

Federal employees visited the crushing mills from time to time to check the sampling equipment and instruct the samplers. Laboratories operated by the licensed chemists were inspected several times during the year.

The cottonseed grading project was more than self-supporting. Expenditures amounted to about $30,000. Earnings were as follows:

1. Fees for grading	$38,528.25
2. Appeal fees	214.00
3. Samplers license fees.....	2,257.00
4. Chemists license fees	590.00
Total earnings	$41,589.25

(m) Quartermaster Service, Army (Transfer to Agriculture) (Production and Marketing Administration)

This budget schedule covers obligations under funds transferred from the War Department, pursuant to authority contained in the Department of Agriculture Organic Act of 1944, approved September 21, 1944 (5 U.S.C. 571), for the inspection of hay and supervision of Army hay inspectors.

(n) Marketing Farm Products

Appropriation Act, 1946		$388,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+58,000
Total anticipated available, 1946		446,000
Budget estimate, 1947		1,901,500
Change for 1947:		
Overtime decrease	-$8,115	
Increase	+1,463,615	+1,455,500

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Standardization and marketing research on fresh and processed fruits and vegetables	47,731	54,685	55,025	+340 (1)
2. Standardization and marketing research on livestock, meats and wool	48,160	62,730	63,250	+520 (1)
3. Standardization and marketing research on dairy and poultry products	21,612	24,545	98,370	+73,825 (1)
4. Standardization and marketing research on grain, rice, beans, peas, hay, seed and hops	81,440	95,730	104,810	+9,080 (1)
5. Standardization and marketing research on cotton and cottonseed	172,767	200,195	355,330	+155,135 (1)
6. Food production and marketing activities including food order administration; determination of requirements and allocations, assistance in establishment and adjustment of goals and price ceilings; services relating to storage and transportation ...	- -	- -	1,224,715	+1,224,715 (2)
7. Overtime pay	58,523	8,115	- -	-8,115
Covered into Treasury as miscellaneous receipts, Public Law 529	105	- -	- -	
Unobligated balance	21,046	- -	- -	- -
Total available	451,384	446,000	1,901,500	+1,455,500
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture"	+116	- -	- -	
Anticipated supplemental	- -	-58,000	- -	
Total estimate or appropriation	451,500	388,000	1,901,500	

INCREASES OR DECREASES

The net increase of $1,455,500 in this item for 1947 consists of the $8,115 decrease for overtime, and the following:

(1) A total increase of $238,900 under projects 1 to 5, inclusive, composed of:

(a) An increase of $235,000 to improve marketing methods, programs, and services to make them more effective in maintaining farm prices and food and fiber consumption; and to encourage efficient and orderly distribution of farm products.

Objective: To work out basic improvements in the system of marketing dairy and poultry products, grains, and cotton in order to improve the functioning of the private marketing system.

The Problem: The increase would provide for the development of ways of improving the system of marketing in order to remove some of the bottlenecks and reduce the cost of distribution, making it possible for larger quantities of produce to move through regular distributive channels. By determining the commodity varieties needed, by developing better methods of handling, better quality, better methods of storage, better methods of grading, improvements in containers, and more mechanization, the private marketing system can be materially assisted in a more orderly marketing of agricultural commodities, and thus avoid some of the surpluses and market gluts which would otherwise require Government purchase, diversion or similar programs to overcome. The work of the Department in effecting basic improvements in the marketing system has been severely handicapped due to lack of sufficient funds to cope with the ever-increasing number of important marketing problems.

Dairy and Poultry Products. To improve marketing methods and to absorb the impact of adjustment from wartime production to peacetime needs will require careful study of current and prospective trends in the distribution of dairy and poultry products. The increase requested would be used to develop programs to (1) improve grades, standards, and inspection methods and encourage their use throughout the country; (2) encourage more direct movement of products from farms to processing plants and to terminal markets; and (3) cooperate with the food industries to secure adoption of improved methods of processing, handling and marketing.

The standardization program would be intensified in order to raise consumption and to make distribution more economical and effective. Grades which have been developed by the Federal Government and the States would be more closely correlated.

Work would be directed toward enabling producers and handlers to market their products to better advantage.

Studies would be made to determine trends in methods of assembling at shipping point, and in methods of processing, storing, and handling. Special attention would be given to practices that will move products to consumers more quickly, more efficiently, and in ways that will maintain quality longer. Attention would be given to possible ways of lessening the effect on efficient distribution of various local and State laws that impede the movement of these products across State lines. Studies would be made of possible methods of eliminating overlap and duplication in the assembly and distribution of products, and of measures to expand consumption.

Some of the specific detailed work contemplated in poultry and egg marketing are studies to discover (a) improved methods of conserving the quality of eggs on the farm, at the buying station, while being trucked, and in the retail store; (b) possibilities of automatic candling and grading of eggs; (c) how bacteria of eggs can be destroyed without quality or functional injury; (d) the effects on quality of evisceration of poultry, hot or cold; (e) adequate standards of plant sanitation in egg breaking, egg drying, poultry dressing and poultry evisceration; and (f) the relative merits of ice packing versus dry packing of poultry.

Grain Products (Wheat). In recent years there has been a sharp increase in production of certain varieties of wheat which, on objective examination, appear to be of high quality. When subjected to the milling and baking process they prove to be undesirable. They do not produce high quality flour. The increase requested would be used to conduct studies on the identification of these varieties. The work would involve milling and baking tests as well as numerous field laboratory tests.

A study would be made to determine the quality of gluten in wheat. Methods of determining quantity of gluten and other proteins have been in use for many years but there is no satisfactory method for determining quality. This has become important with the development and adoption of new varieties of wheat which in appearance are of high quality but when used prove to be unsatisfactory for flour and bakery products. The objective of the work would be to break down the gluten in wheat by chemical analysis and devise methods whereby laboratories serving the grain and milling industry can determine the quality of the gluten in relation to its bread-baking properties.

Cotton and Cotton Seed. The cotton industry of the United States now faces the most difficult problems of adjustment in its entire history. In domestic markets, cotton faces intense competition from synthetic fibers that are (a) continuously being improved in quality as technical processes incident to their manufacture are perfected and (b) produced at continuously reduced costs as mass production methods are adopted. Competition will also be encountered in foreign markets from synthetic fibers as well as from cotton of foreign growth which is being produced at lower costs than those now prevailing in this country. Congress has officially recognized the seriousness of this situation and has held a series of public hearings to find effective means for dealing with the problem.

It is apparent that the principal means through which cotton's competitive position can be safeguarded are (a) improvements in the quality of the product and (b) reductions in costs, including costs of ginning and marketing. There appear to be practicable possibilities of reducing the costs of ginning, packaging, or marketing of cotton. These operations now cost about $18 a bale, or about a quarter billion dollars for an average crop. This cost might be substantially reduced, and at the same time a more effective job of marketing done.

Recent developments in connection with the mechanical harvesting of cotton, in the technology of ginning and associated processes, and in standardizing the quality in raw cotton, have demonstrated some of the possibilities, but further research and promotional work are needed to obtain the full benefit of these developments.

Both the ginning industry and the marketing system for cotton are at present in a stage of transition incident to their readjustment to changing conditions. This being the case, and in order that research may effectively aid in guiding adjustments along the most desirable lines, it is believed that intensive work on the following specific items would be particularly advantageous during the 1947 fiscal year.

Grading cottonseed for farmers. When the farmer sells his cottonseed to the ginner, the transaction is made on the basis of average prices, regardless of quality. Hence there is no incentive to the farmer to produce a high quality product. Transactions between ginners and crushers are based on the quality of car lots, determined by grading in accordance with official standards. Studies are needed to develop methods by which all transactions will be based on quality, thereby encouraging the development of high-grade products with resultant higher returns to growers.

Development of equipment and procedures for more precise evaluation of the quality of cotton. Human judgment is the predominant factor in present-day methods of classification of cotton. Consequently, results are variable and discrepancies attributable to the judgment factors are entirely too frequent. Existing laboratory methods for testing fiber properties are too laborious and time-consuming for purposes of commercial transactions. Equipment and methods should be developed for eliminating, insofar as possible, the human equation in the classification of cotton. Possibilities to be explored include, (1) the adoption of assembly line procedures for determining foreign matter content, tensil strength, and color, and (2) use of the photo-electric cell for measuring fiber length, uniformity and other characteristics. The essential feature of this project will be the adaptation of such equipment to marketing procedures and to public service in the classification of cotton.

A program to coordinate one-variety production with mill requirements. For many years marketing agencies and cotton manufacturers have bought cotton largely on the basis of grade and staple length. However, in determining spinning performance additional factors are important--tensil strength, fineness, length, uniformity and maturity. These factors are referred to as "character"--the third dimension of cotton

quality. The development of methods for measuring these factors and relating them to spinning has done much to speed up the quality improvement program. Manufacturers are finding that consideration of this "third dimension" of cotton increases their ability to get supplies of the kinds of raw cotton they need. It has been discovered, too, that this factor can be dealt with most efficiently in terms of variety and growth.

This means substantial savings in marketing because the manufacturer will often be able to supply his needs from one area. Before manufacturers can take full advantage of buying on the basis of variety and growth, marketing procedures must be developed and standardized, and a system of cotton bale identification must be adopted. This will require (a) collection of detailed information about the qualities of cotton desired for different purposes; (b) the development of means of identifying it according to such factors as variety and place of growth, in addition to standard descriptions; and (c) consideration of other improvements in the mechanics of marketing.

Economic studies of the cotton ginning industry. One of the most promising cost-reducing possibilities is in the integration of the marketing services with ginning services at centralized ginning establishments. The present-day ginning industry is outmoded and inefficient. Small gins, some 12,000 of them, are situated at practically every village and crossroads throughout the Cotton Belt. The work is highly seasonal, the entire crop being ginned within a few weeks' time. Individual operators can not afford the kind of mechanical service required for best results. The Department should take the lead in working with industry to bring about the adoption of more satisfactory and more economical ginning methods. Research is needed to determine the most efficient sizes, types and locations of gins and to find ways of encouraging sound readjustments in the ginning industry.

Area studies of cotton marketing. In order to provide a basis for evaluating possibilities for effecting improvements in marketing process and reducing the over-all cost of marketing cotton, there is urgent need for intensifying studies of the present functioning of the marketing system for this commodity, both on an area and a nation-wide basis. These studies would include a comprehensive analysis of marketing practices, procedures, and costs in the country markets where farmers sell their cotton, in the central markets, and in the spinners' markets where domestic spinners procure their supplies of raw cotton, and in export markets. These studies would be designed to discover any weak points in the present system and would include the development of effective means for strengthening them.

(b) An increase of $3,900 for placing on a full year basis in 1947 within-grade salary advancements which are effective for only a part year in 1946.

(2) An increase of $1,224,715 under the Project "Food production and marketing activities" for continuing into 1947, on a greatly reduced basis, certain war food and other functions rendered necessary by fluctuations and adjustments in the demand and supply of certain commodities and food products. This is an apparent increase only, since the type of functions contemplated hereunder for 1947 were provided for during the fiscal year 1946 under the appropriation "War Food Administration, Salaries and expenses" for which no estimate is included in the Budget for 1947.

Objective: To effectuate equitable distribution of products that remain in short supply; to give readjustment assistance upon the termination of controls; to channel short supplies to meet the most pressing needs; to obtain compliance with remaining regulations and to follow past violation cases through to proper conclusions; to analyze world food supplies and requirements as a basis for production goals, support prices, and production changes; and to perform special services relating to the marketing, storage, and transportation of food and agricultural commodities.

The Problem: During the war years war food orders were issued to insure availability of food supplies to high priority claimants and to provide for equitable distribution of remaining supplies. These orders are now being terminated or relaxed as demands become more nearly commensurate with available supplies. Some however are still in effect and based on the present outlook must be continued into the fiscal year 1947. The policy being followed is to retain only those orders which affect commodities in short supply and to relinquish controls just as soon as possible without bringing about undesirable results.

World food requirements must be determined for use in setting up production goals and in making adjustments, for price support activities, and for the preparation of national and international allocations. Surveys will be needed to determine the capacity of the world market to absorb our high level of agricultural production. World food requirements are assembled, interpreted, analyzed, and screened for use as a basis for production goals, support prices, and production changes. Domestic allocations are continuing for food items in short supply. Internationally, practically all major foods will continue in a scarce position when supply is balanced against total needs. It is expected that international discussions on production changes and price policies to meet world supply and requirement situations will continue, in harmony with the major world security objectives of the United Nations.

A wide range of activities involving many day-to-day problems relating to the marketing, handling, transporting, storing, processing, and packaging of farm and food products must be met. While certain of these problems arose during the war period, and resulted from wartime shortages of materials and facilities essential to the proper handling and marketing of farm products, conditions still exist which complicate the food marketing situation, and demand continuing attention if the Department is to fulfill

its responsibility to producers. The solution to many of these problems is usually developed in collaboration with other Government agencies, private organizations and individuals.

As the food and commodity situation changes from month to month, during a transition period such as the present one, it is necessary for the Department to meet many unanticipated problems and contingencies. In order to render effective service in the entire field of production, marketing, processing, distribution, transportation, storage and handling of food and other agricultural commodities, it is essential that the funds provided for such activities be sufficiently flexible to enable the Production and Marketing Administration to meet such problems as they arise.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> Marketing farm products: For acquiring and diffusing among the people of the United States useful information relative to the needed supplies, standardization, classification, grading, preparation for market, handling, transportation, storage, and marketing of farm and food products, including the demonstration and promotion of the use of uniform standards of classification of American farm and food products throughout the world, [and] for making analyses of cotton fiber as provided by the Act of April 7, 1941 (7 U.S.C. 473d), [$388,000] and for expenses necessary to enable the Secretary to perform functions vested in him by Executive Orders 9280, 9310, 9322, 9328, 9334, and 9577, including not to exceed $10,000 for employment pursuant to the second sentence of section 706(a), and not to exceed $20,000 for transportation, per diem and other necessary expenses pursuant to section 706(b) of the Department of Agriculture Organic Act of 1944 (5 U.S.C. 574, 541b); printing and binding; the purchase of books of reference, periodicals, and not to exceed $150 for newspapers, and operation and maintenance of one passenger-carrying vehicle in the District of Columbia, $1,901,500: Provided, That the Secretary may make available to any bureau, office or agency of the Department, such amounts from this appropriation as may be necessary to carry out the functions for which this appropriation is made, and any such amounts shall be in addition to amounts transferred or otherwise made available to appropriation items in this Act: Provided further, That none of the funds herein appropriated shall be used for the promulgation or execution of orders under which assessments are made against producers or handlers of agricultural products, excepting walnuts, for administration of such orders. (7 U.S.C. 415a, 415o, 423, 581-589; Act of May 5, 1945, Public Law 52.)

The language changes proposed are to include under this appropriation item, in the fiscal year 1947, provision for the continuation, though on a substantially reduced scale, of certain activities heretofore financed from the appropriation, "Salaries and expenses, War Food Administration," and which are necessary to assure in 1947 a proper, orderly marketing and distribution of food and other agricultural commodities. Inasmuch as no provision is made in the 1947 estimates for continuing the War Food Administration appropriation, these essential functions have been included in the estimates as a new project under this appropriation.

The new language proposed, including the proviso for the allotment of funds, is intended to authorize flexibility and latitude in the use of these funds in carrying out the purposes for which they are appropriated similar to that which has existed in connection with the war food appropriation. The last proviso incorporates verbatim into the language of this appropriation item the same restriction on the use of funds for the promulgation or execution of food orders, as that carried in the war food appropriation language for the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: Fact-finding and analysis with a view toward more efficient and orderly marketing of farm and food products is the primary objective under this appropriation. Marketing methods and distribution practices are studied for improvement and adjustment to changed conditions; new outlets and expanded markets are encouraged; and the entire system of Federal grade standardization for farm products is developed, expanded, and kept abreast of changing marketing practices. Also, provision has been made under this appropriation to continue certain distribution controls over products that remain in short supply; to give readjustment assistance to the food industry as controls are terminated; to channel short supplies to meet the most pressing needs; to obtain compliance with remaining regulations and to follow through to proper conclusions in past violation cases; to analyze world food supplies and requirements as a basis for production goals, support prices, and production changes; and to perform special services, including those relating to storage and transportation.

The Problem and its Significance: Inefficient marketings are often the result of failure to establish uniform standards and grade specifications for measuring the quality of farm products. Problems of shipping products of a particular quality to the markets that desire them are numerous when uniform standards and grades are not maintained.

The importance of standards and official inspection on the basis of uniform standards has been recognized by Congress and the states by the enactment of numerous statutes and legislative authorizations. Standards established under this appropriation have been adopted in every State in the Union. Among the Federal laws in which standards are essential are: the Grain Standards Act, the Cotton Futures Act, the Cotton Standards Act, the Commodity Exchange Act, the Tobacco Inspection Act, the Cotton Grade and Staple Statistics Act, and the Perishable Agricultural Commodities Act.

Changing conditions and a concurrent change in the requirements of the marketing process present many new problems. It has been necessary to develop standards for products which are new on the market and for which official grades have never been established, such as dehydrated and compressed foods, dried eggs, vitamins, army rations, and so forth. The adoption of Federal standards by canners and processors as a basis for purchasing raw products for canning, manufacture, freezing, and dehydration increases each year. The use of the standards has encouraged growers to produce and harvest a quality product best suited for processing. Processors have paid premium prices for such products. Purchase of raw products on the basis of recognized standards reduces waste and labor cost, thereby enabling processors to pay better prices to growers.

Revision of standards from time to time and continuous study of the problems of grading and standardization are essentia l if the standards are to serve the purpose for which they are intended.

New varieties and improved handling techniques are constantly being introduced. New insect infestations and diseases also call for reappraisal of tolerances and other changes in requirements within grade specifications if they are to represent accurate commercial values.

The Department's marketing program must be strengthened and readjusted to meet the serious problems growing out of the war. Changes in the marketing program are inevitable. Many wartime controls have already been dropped, and others will be discontinued as soon as the situation permits. Congress has given the Department of Agriculture new responsibilities for supporting farm prices and farm incomes, for developing outlets for surpluses, and for assuring efficient and orderly distribution. To discharge these responsibilities the Department must review present programs critically and change them wherever necessary to meet new conditions confronting the American farmer.

Agricultural production has increased more than 30 percent since the beginning of the war. This increase was needed to meet war requirements. Now that special wartime requirements have begun to fall off, agriculture faces one of the most serious marketing problems in history. The changes made in marketing methods, and in Government marketing programs, will have a profound effect upon the farmer and the consumer alike.

Fact-finding and analysis are needed as a basis for programs to increase the efficiency of processing, transportation, wholesaling, and retailing. Why are retail prices so far above farm prices? Why must the consumer pay for most farm products more than twice what the farmer gets? Why does it cost more to take farm produce to the consumer than it costs to produce it? To find the reasons for conditions of this kind, and to develop ways of correcting them is one of the main problems to be solved under this appropriation.

General Plan: Agricultural standards of some kind are almost as old as commercial agriculture, but uniform national standards began about 30 years ago with the passage of the U. S. Cotton Futures Act. Subsequent legislation provided authority for large expansion in the standardization work of the Department of Agriculture. Today, official quality standards have been developed for nearly all important U. S. farm commodities.

National standards may be "mandatory" or "permissive." Cotton and grain standards are mandatory; no other standards may be lawfully used if cotton or grain are sold by grade and shipped in interstate or foreign commerce. In most cases, standards for other products are permissive; that is, they are for use by the general public as a quality measure in buying and selling.

How are national standards set up? A very careful study is made of the factors that may affect the economic value or relative desirability of the particular product under consideration. Definite

quality groupings called grades are then set up, with specifications or descriptions for each grade.

Before the grades are recommended they are tested under actual commercial conditions. Sometimes the demand for grades necessitates the issuance of tentative grades based on the best information available, but these need to be studied further or tried out before they are promulgated as official standards.

It is not enough for national standards to be merely logical and scientific. They must also be practical. It might be possible to develop standards that would measure every minute variation in quality, with a large number of grades for each product, but such standards would probably be too cumbersome for practical use.

Generally, the characteristics that determine grade are tangible things like size, weight, and freedom from defects and decay. It is relatively simple to define such characteristics as these in the grades. But with some products--butter, for example, color, flavor, and body are grade-determining factors. And even though such qualities are sometimes quite difficult to measure precisely, they nevertheless must be defined in the grades in a way that will fill ordinary commercial needs.

Official standards are not hard and fast for all time. Changing marketing conditions call for adaptable standards. New equipment and methods are being devised constantly by Federally employed technicians. Mechanical devices include an electrical apparatus for quickly determining the moisture content of grain. Other devices determine grain dockage and test weight per bushel. A method is being developed whereby an "electric eye" will measure the protein content of wheat and flour. Other devices show the color of honey, hay, cotton, and aid in determining the quality of eggs. Pressure testers indicate the maturity of apples, pears, and other fruits. Hydrometers, refractometers, and other laboratory equipment are used in grading certain processed products to determine density, sugar percentages, the relation of soluble solids to juice, the cloudiness of liquor in canned foods.

Revenue: Fees paid for cotton fiber tests performed and for sets of wool standards sold under this appropriation are deposited into miscellaneous receipts of the Treasury. During 1945 these deposits totalled $18,570.10 as follows:

Cotton fiber tests	$18,291.25
Sale of wool standards	278.85
Total	18,570.10

Progress and Examples of Current Programs: Throughout the fiscal year 1945 wartime necessity continued to focus emphasis on the standardization work. Since the great bulk of Government purchases of farm and food products were made on the basis of official standards, it was essential that the Federal system of grades be kept adequate

and up to date. The need for measurements of quality as a basis for the determination of fair prices has directed special attention to standardization in connection with governmental price control programs. Under normal conditions the relationship between price and quality tends to work itself out on the basis of supply and demand. Price ceilings, however, may disturb this relationship, particularly when demand increases and the supply remains constant or declines. Under such conditions there is a natural tendency toward up-grading which necessitates close supervision over the determination of grades. This up-grading may be the result either of ignorance or design, but in either case it causes the consumer to pay more than he should for the produce be buys.

Alongside the day-to-day operations of the standardization program in the marketing of farm products is the continuing need for research. This research keeps the work up to date, shows how standards are working out in practice, how grades stand the daily test of marketing needs, and indicates revisions and refinements needed for improvement of the program. These changes must be made as dictated by conditions since the final test of the Federal standardization program is its usefulness in operation.

The work of standardization and marketing research is conducted along commodity lines under five projects as follows:

1. Fresh and processed fruits and vegetables
2. Livestock, meats and wool
3. Dairy and poultry products
4. Grain, rice, beans, peas, hay, seed, and hops
5. Cotton and cottonseed

1. Fresh and processed fruits and vegetables: Official grades have been developed for 63 fresh and 81 processed fruits and vegetables. In many cases more than one set of standards has been established for a fresh product depending on whether it is to be marketed as fresh produce or is intended for processing. In all, 108 sets of standards have been set up for fresh produce. During the past fiscal year standards were issued and revised as follows:

Standards Issued

Fall and winter squash (fresh)	Dried figs
Summer squash (fresh)	Frozen apricots
Canned grape juice	Frozen Brussels sprouts
Canned tomato paste	Frozen peaches

Standards Revised

Corn, green	Canned grapefruit and orange juice
Corn, for canning	Canned orange juice
Garlic	Concentrated orange juice
Onions, Northern grown	Tomato pulp
Plums and prunes	Dried apricots
Sweet potatoes	

Standards Revised (Continued)

Canned asparagus	Dried peaches
Canned apricots	Dried pears
Canned wax or green beans	Dried prunes
Canned peas	Frozen lima beans
Canned grapefruit juice	Frozen peas
	Frozen strawberries

During the past year growers of Florida citrus and California plums asked for help in protecting the market for their products from poor quality, undersized fruit. In each case minimum shipping standards were developed for the use of the industry. These standards restricted shipping to fruit that would bring satisfactory returns.

In order to insure an adequate supply of seed potatoes the O.P.A. authorized ceiling prices above those for table stock where potatoes meet certain minimum requirements. Specifications were drawn up and State regulations were reviewed to see that they comply with the minimum requirements. In order to facilitate the marketing of food products, specialists working on grades and standards have assisted in developing all governmental programs dependent upon grades, such as price ceilings, price support, and marketing agreements programs.

The entire 1944-45 commercial peanut crop was marketed under Government control. In connection with this program, specialists checked the accuracy and uniformity of grade interpretations in the various inspection offices throughout the three peanut-growing areas.

During the year 1945 a new program was initiated to meet consumer requests for demonstrations of U. S. standards for processed products. Specialists made 60 demonstrations to approximately 2,500 people. Representative organizations requesting and featuring these demonstrations were home economics associations, college and university home economics classes, American Red Cross nutrition classes, American Association of University Women groups, Parent-Teachers Association, Farm Bureau Women's Association, and Rotary Clubs.

2. Livestock, meats and wool: Federal grade standards have been under closer scrutiny during the last three years than ever before in history. Their use as the basis for determining ceiling prices, subsidy payments, etc., during wartime has made them a matter of intense interest and concern from the rancher through all marketing and processing levels to the retail purchaser. The attention thus focused upon standards has served to emphasize the fundamentals upon which grades are based and the values which would be derived from attainment of our ultimate goal - single uniform grade standards for livestock and meats which can be uniformly applied in all sections of the country, in all seasons of the year, without regard to supply and demand.

Correlation Between Live and Carcass Standards

In 1945 two extensive surveys were conducted relating to the degree of correlation between the grades established by the livestock market news reporters (live grades for basis of subsidy payments) and the official meat graders (carcass grades for criterion of value and price of each carcass). It was found that close relationship exists between the two, but for perfect correlation there is still a need for some modification in interpretation of the standards. Upon the basis of this finding, further studies will be made to point up the exact areas requiring modification so that they may be adjusted accordingly.

Uniform Application of Carcass Grade Standards

Under the mandatory meat grading requirements of the Office of Economic Stabilization, the Federal meat grading service is responsible for determining the maximum prices at which all carcasses and wholesale cuts of meat can be sold legally. An excellent job of keeping the grading uniform in all parts of the country has been done. As a possible means of developing a more nearly perfect method for determining grades and maintaining uniformity of beef grading throughout the country, a project was undertaken to determine the relationship between certain carcass measurements and the carcass grades. To complete this study it will be necessary to measure about 4,500 carcasses. At the close of the fiscal year, 309, mostly steer carcasses, had been measured at Baltimore, Richmond, and New York City.

Demonstrations

Demonstrational live grading work in conjunction with 4-H and Future Farmers of America livestock shows, fairs, and other similar gatherings was conducted at the following places: Demopolis, Dothan, Montgomery, Birmingham and Lauderdale County, Alabama; LaGrange, Atlanta, and Moultrie, Georgia; Clyde, North Carolina; Richmond, Virginia; and St. Joseph, Missouri. On numerous occasions at Chicago and also at St. Paul, Louisville, and other places, particularly in the southeastern states, cooperation was extended to various State agricultural experiment stations in the grading of experimentally produced livestock and the carcasses therefrom. Judging of fat cattle at six fairs in the southeastern states was also done.

Cooperation with the Bureau of Animal Industry was continued throughout the year by assisting in the grading of experimentally produced livestock and their carcasses at the Agricultural Research Center, Beltsville, Maryland. These studies have included beef and dual-purpose types of cattle, hogs, lambs, and sheep and their respective carcasses.

Wool Shrinkage Investigations

Primary emphasis was given to the development and further demonstration of the core sampling method of shrinkage determination. The objective is to find a method of sampling and testing which will give wool growers reliable information as to the percentages of shrinkage of their clips prior to marketing. Purchase of the entire domestic clip by the Commodity Credit Corporation and its valuation by Government appraisers afforded an unusual opportunity to carry these investigations forward on a larger scale than would otherwise have been possible. The results thus far indicate definitely that the core sampling procedure is by far the most accurate method thus far devised for providing an objective measure of the shrinkage of grease wool. Further experiments are being continued during the year in order to improve the accuracy and the practicability of this method of sampling and testing as a possible means for providing the producer with reliable information as a direct aid in the marketing of his wool clip.

Wool Standardization Studies

This phase of work involved (1) preparation and distribution of practical forms of the official wool and wool top standards, and (2) research for the development, maintenance, extension, and improvement of the standards. The official wool standards, relating to fineness or diameter of fiber are defined in terms of a master set of samples. Copies are made from this master set and sold for commercial use or issued without charge for official and educational use. Wedge scales for wool fiber measurement are distributed to the industry at cost. During the 1945 fiscal year 79 units of the standards were sold and 10 units were issued free. Sales were made of 6,900 wedge scales. Orders on hand at the close of the year call for 26 units.

A study was made on the lower grades of the wool top standards to secure additional data on the grades to aid in their definition, to help in the replenishment of stock, and as a means of further study of the application of the meaurement procedure among different laboratories. The study was inaugurated near the close of the previous year and continued through 1945.

Studies relating to the precision of wool fiber measurement and the causes of operator differences were conducted during the fiscal year in cooperation with the American Society for Testing Materials.

Preliminary plans were begun for a comprehensive standardization project which would serve as a basis for promulgation of standards for all characteristics of wool having an effect upon its value such as staple length, color, type, and shrinkage. There is no doubt that such Federal standards would be of vast benefit to wool growers. This project will be pursued as funds for the purpose are available.

3. Dairy and poultry products: Efforts to maintain interest in quality were redoubled in 1945 because of the tendency to neglect this factor during the war years of unlimited demand coupled with shortages of labor and equipment.

As an aid in price control measures, tentative grades for Swiss cheese were developed and issued at the request of representatives of the industry. In cooperation with the governmental procurement agencies, work was continued on specifications and standards for dry whole milk of long-keeping quality. In order to encourage production of high quality Cheddar cheese for military, lend-lease, and civilian uses, a series of meetings for cheesemakers was held in cheese producing areas at which methods of producing cheese were demonstrated and quality problems were discussed.

Two new sets of standards and grade specifications were issued during the year, (1) Standards for eviscerated chickens, and (2) standards for eviscerated turkeys. Standards for shell eggs were modified for simplicity and for more complete agreement with consumer grades, and the standards for live poultry were revised. Work was also started and preliminary conferences were held on the development of standards and grades for frozen and dried egg products and for canned boned poultry.

Educational material prepared during the year included a new publication, "Uniform Labels for Consumer Grades of Eggs" and revision of an old bulletin, "Grading Dressed Turkeys." An outline and rough draft of material to be included in a new publication, "Grading Eggs, Advantages to Producers," was prepared.

Two summary reports on poultry and egg marketing developments were prepared and distributed to Federal and State marketing officials, colleges, and trade associations. The purpose of these reports was to give information on the activities and the problems connected with development and administration of grades and standards, food orders, and price ceiling regulations.

Two reports, "Egg Grades and Regulations in the United States" and "National Uniform Standards for Quality of Individual Eggs, Egg Grades, Weight Classes and Regulations," were prepared in connection with the studies of State laws relating to market standards and grades. These reports were mailed to persons interested and responsible for marketing programs in all parts of the country. The studies show that efficient marketing is being handicapped by use of numerous confusing and conflicting specifications, grade terms, and requirements that vary widely among the States.

During 1945 egg grading training schools were held in nearly all States. The objectives of these training schools were:

a. To train 4-H Club members, Future Farmers of America, and other farm youth groups to grade eggs.

b. To organize a program of grader availability to assist farmers and market handlers of eggs.

c. To train adults for official egg-grading work.

Extensive technical assistance was given during the year in connection with a number of research projects conducted primarily for the benefit of other agencies and financed largely by those agencies. A few outstanding projects of that nature are cited.

Mobile Laboratory

Prior to the war the production of dried eggs was carried on by a few firms operating their plants for about three months a year at the peak of egg production. Under war conditions many new firms entered the business in order to provide dried eggs for lend-lease and the armed forces. Many of these firms lacked technical knowledge concerning the trucking, freezing, and drying of eggs. New equipment was developed in order to circumvent the shortage of materials. Often this new equipment presented problems of a technical nature in being adapted to efficient operation. It became apparent that by providing technical assistance in these operations a service could be rendered to the industry and the war effort could be substantially advanced. A mobile laboratory was set up to service the plants located in the central western area. Laboratory analyses were made on plant operations in order to assist in finding points of possible food contamination and to obtain useful information in solving operating problems.

Bacteria Studies

In cooperation with workers of the Agricultural Research Administration, a detailed study was made on the source of distribution of Salmonella bacteria in liquid and dried eggs. Several other research projects were conducted, such as a study of the germicidal efficacy of sterilizing solutions used in egg breaking rooms, and a survey of the bacteriology of certain methods of producing dried egg albumen.

Egg Case Studies

Because of the shortage of wooden egg cases it has been necessary during war years to use fiber egg cases to the extent of about 60 percent of total egg case requirements. Since experience in the manufacture and use of fiber egg cases is very meager, damage to shell eggs and containers was great. Assistance was given in a series of tests on fiber egg cases resulting in the development of specifications for a new fiber egg case which will be economical and of superior quality.

Dried Egg Studies

Experience during the war years indicated that considerable moisture may enter dried egg powder through the packing material. A comprehensive study is under way to measure the moisture pickup permitted by various types of dried egg packages. The objective of the study is to determine the types of package materials presenting the greatest resistance to moisture, thereby enhancing the keeping quality of egg powder. When completed this study will be of value both to the governmental agencies and to private industry since the establishment of a domestic postwar market for dried eggs will undoubtedly depend upon a high quality product.

4. Grain, rice, beans, peas, hay, seed, and hops: Since grain standards are mandatory when grain sold by grade is shipped in interstate commerce, it is highly important that quality measurements be kept up to date. Tests begun in 1944 to determine the fitness of certain wheats for bread were completed in 1945. Research is now under way to determine a method for classifying such wheats when they are offered for inspection. Milling, baking, and chemical tests were made on about 500 samples of experimentally grown wheat as a part of the program to develop and introduce superior varieties of wheat for the various wheat growing areas.

Nearly every year problems of testing the moisture content in grain arise due to varying crop conditions. The unusual conditions encountered in the 1944 and 1945 corn crops have required immediate research work and decisions to provide for the proper inspection of corn moving to market.

Parboiled rice was imported into the United States before World War II because parboiling facilities were not available in this country. During the war two new procedures for parboiling rice were adopted commercially, and the introduction of these new types of rice required the establishment of standards to define and certificate such rice.

The standardization and checking of grading equipment used by licensed inspectors and Federal supervisors is a continuous project that is necessary in maintaining a high efficiency of inspection. Many of the determinations made in the grading of grain and the other commodities depend upon mechanical equipment for accuracy of determination, and unless this equipment is regularly checked and standardized erroneous inspections will result. Improvements are being made continuously in the equipment that is being used for the sampling and grading of grain. A new probe developed in 1945 that permits better sampling of soybeans is the latest development along these lines.

Numerous improved techniques and methods for testing processed products were developed during World War II under this appropriation so that the Government could be promptly assured that the

products it was accepting in its large volume of purchases met contract specifications. Some of the methods and techniques that have been improved include quicker and more accurate determination of crude fiber in cereals and decreasing by 50 percent the time required to make seed oil tests.

The standards for hay and straw were revised effective September 1, 1944, making them more practicable for commercial use. Studies were conducted with a view to recommending revision of the rice standards and of the standards for the various grains subject to inspection under the Grain Standards Act.

During the year 102 samples of hay taken in connection with hay curing and feeding experiments were analyzed and graded for agricultural experiment stations. More than 100 lots of hay and straw were inspected at the Agricultural Research Center during the year.

A plan of work was agreed upon for a cooperative study of field cured, forced ventilation, barn cured, and ensiled forages and their value as feed for dairy cattle. Under this plan of work the Department will plan sampling techniques; make leaf and stem separations and botanical determinations of the green crop, field-cured hays, barn-cured hays, and silages; and will grade the hays and furnish a report on the quality factors in the silages. Work on this project was started on the first crop of alfalfa harvested at the Agricultural Research Center in 1945.

Hops growers requested a testing service under which certificates could be issued showing the analysis of each lot of hops for seed, leaf and stem content. Research, conducted principally in the field, culminated in the establishment of the services when the 1944 crop was marketed at the beginning of the fiscal year 1945.

5. Cotton and cottonseed: Research and studies relating to cotton and cottonseed are grouped on the basis of work projects as follows:

(a) Cotton and cottonseed standardization studies
(b) Cotton fiber testing service
(c) Cotton and cottonseed marketing methods and distribution
(d) Cotton ginning and packaging studies

(a) A study of the relationship between the physical properties of cotton fibers and yarn strength showed that (1) six quality factors - tensile strength, length, length uniformity, fineness, maturity, and grade - account for 87 percent of the variations in yarn strength; (2) cottons that are above average in three of these factors - tensile strength, length, and length uniformity - invariably produce yarns above average strength; and (3) the strength of yarn that can be obtained from a given cotton can be predicted with a fair degree of accuracy. The results of this study were published during the year under the title "Relationships Between Properties of Cotton Fiber and Strength of Cotton Yarns." This publication has attracted wide attention in the cotton industry.

These findings have been particularly valuable to manufacturers in the selection of cottons suitable for tire cord. The study was timely since under normal conditions tire cord is the largest single market outlet for cotton. A publication entitled, "Relationships of Cotton Fiber Properties to Strength and Elongation of Tire Cord," was issued during the year.

A total of 639 fiber length arrays were made during the year as a basis for the purchase of cotton for use as standard types for staple length. The selection of all cotton for use in the official standards is now based on laboratory tests.

Color surveys to determine relationship of the color of cotton produced in various areas to the official cotton standards were made annually until two years ago when they were suspended because of wartime pressure. These surveys were resumed in the 1945 fiscal year when a study was started which will provide more definite information as to color changes in cotton in storage.

A manuscript was completed and submitted for publication as a printed bulletin under the title "Color Measurement and its Application to the Grading of Agricultural Products." This publication, which will serve as a handbook, summarizes the results of work over a period of years in developing instruments and methods for the scientific measurement of color. It includes all necessary basic instructions for making color measurements.

Cottonseed research was continued in 1945 to provide information as to the effect of variety and growth conditions on the quantities and qualities of the by-products of cottonseed. Facts were also established as to the relationship between physical properties of the seed and the yield of oil, meal, and other products. These studies should lead to the development of practical methods of grading individual lots of seed sold at gins by farmers, a project discussed under another subappropriation item.

Perhaps the most significant facts developed from these studies to date relate to the influence of variety and place of growth on the milling quality of cottonseed. Consistent differences were found to exist between different varieties grown on the same farm and the same varieties grown on different farms. These differences sometimes run as high as $7.00 per ton when expressed in terms of dollar value.

(b) Service testing of cotton fiber was authorized by law primarily for the benefit of cotton breeders. Formerly breeders had to wait until they could produce a sufficient number of bales of cotton for a commercial mill test, often 8 or 10 years, before they could learn whether a particular strain was going to be desirable or not. Now a process has been developed by the Department of Agriculture whereby 5 pounds of cotton can be subjected to the same milling conditions as cotton going through a commercial mill. From this test the breeder can find out without delay whether or not this new strain is worthwhile.

Cotton breeders have made extensive use of the service from the beginning. All of the principal cotton breeders of the United States keep in close touch with testing activities and make extensive use of laboratory facilities for testing their new cottons. Breeders are making remarkable progress in developing new varieties and strains of cotton. They attribute much of this progress to the fact that they can now have their cottons tested promptly.

Cotton merchants, whose mill customers are exacting in their requirements, have found it advantageous to have fiber tests made on samples representing each lot intended for shipment to mills. In some instances, merchants are having complete fiber and spinning tests made on the early receipts of the crop from specific growth areas and are using the results as a basis for sales. Cotton manufacturers recognize the advantages of the testing service because it enables them to procure their raw cotton more advantageously as well as to improve the quality of their products. In 1945 cotton manufacturers head the list of users.

The cotton testing laboratories of the Department are focal points for the cotton industry of the country in the consideration of problems of cotton quality relating to the ginning, packaging, marketing and processing of cotton. A large number of visitors came to these laboratories during the year to study testing methods and results and to get help with their cotton quality problems. There are four laboratories, located at Washington, D. C.; Clemson, South Carolina; Stoneville, Mississippi; and College Station, Texas. At Clemson and College Station the work is done in cooperation with the States. Both of these laboratories are equipped for making spinning tests as well as fiber testing. The Washington and Stoneville laboratories do fiber testing only.

In the cotton testing laboratories, measurements are made of the physical properties of cotton fiber such as tensile strength, fiber length, length variability, fineness, and maturity. Actual processing tests on commercial textile machinery are also made in order to determine manufacturing waste, yarn strength, yarn appearance, and general performance in the manufacturing process.

The number of tests performed during the 1945 fiscal year by groups is as follows:

Service testing to the public	11,696
Testing in connection with cooperative governmental research programs	9,182
Testing in connection with Production and Marketing Administration projects	12,252
Total	33,130

There has been a consistent increase in the use of this service since its inauguration in 1942. This growth is evidenced by the following tabulation of fees collected for deposit to the Miscellaneous Receipts account of the Treasury each year since this service was inaugurated:

Fiscal Year	Amount Collected
1942	$3,439.20
1943	9,420.30
1944	14,472.85
1945	18,291.85

In 1945 the service testing work was approximately 50 percent self-supporting. Expenditures in connection with the work amounted to $36,770.

The principal job incident to cooperative research testing is the annual variety participated in by the Bureau of Plant Industry, Soils, and Agricultural Engineering, and the various State agricultural experiment stations. Leading commercial varieties and new strains of cotton are grown in test plots at 25 experiment stations across the Cotton Belt. Fiber and spinning tests are made on these cottons each year. The published results are used as a basis for studying performance of the different varieties and strains. These tests serve as a guide to all who are interested in cotton breeding work.

This series of tests for the 1944 crop include 116 lots. Results were published under the following titles:

> "Results of Fiber and Spinning Tests for Some Varieties of Upland Cotton Grown in the United States, Crop of 1944"
>
> "Results of Fiber and Combed Yarn Spinning Tests of Some Long Staple Cottons Grown in the United States, Crops of 1941-44"

A study conducted in 1945 in cooperation with the Texas Agricultural Experiment Station involved the making of complete fiber and spinning tests on 26 lots of cotton. These tests were designed to determine the effect on the spinning value of various methods of harvesting, including hand picking, hand snapping, machine stripping, and mechanical picking.

Miscellaneous studies conducted in cooperation with other governmental research agencies involved a total of 75 complete fiber and spinning tests.

A special study of alternative techniques of making fiber fineness and maturity determinations developed the fact that one method results in a saving in time of about 50 percent and that the

consistency of results was substantially improved by this method. The improved method has been adopted as standard in all Production and Marketing Administration laboratories.

(c) Marketing agencies and cotton manufacturers have for years dealt with quality in raw cotton on the basis of grade and staple length. However, other factors of quality have an important bearing on the spinning performance of cotton. These factors, referred to as "character", are elusive from the standpoint of standardization and objective evaluation in commercial practice.

Recent development of laboratory methods for measuring these properties and the establishment of their relationship to processing performance and the quality of the finished product has contributed to the development of the quality improvement program. These studies have also stimulated an interest on the part of cotton manufacturers, cotton merchants, and others in these factors of quality which have not previously been taken into account in buying and selling cotton.

Studies of these fiber characteristics have indicated that so-called "character" might be dealt with on the basis of variety. Preliminary studies made in 1945 indicate that a program of effective marketing by variety will require the standardization of production of improved varieties on a sizeable area basis and one-variety planting by areas to the exclusion of all other varieties.

A study was started which will provide definite quantitative data on the relative importance of variety as an indicator of spinning performance. Tests were made at the spinning laboratories of samples of cotton of various grade and staple combinations of the principal improved varieties grown in different locations throughout the Cotton Belt. This study, when completed, will show the range in spinning quality of cotton of a pure variety grown in specific producing areas and the extent to which information as to variety can be expected to supplement grade and staple length in commercial marketing.

Work has continued on the development of automatic mechanical equipment for the sampling of cotton bales during the process of ginning. This method of sampling provides a more satisfactory sample than is possible under the old system of cutting samples from completed bales. The old system not only fails to provide a truly representative sample but it also contributes to the ragged appearance of the bale. Equipment for the automatic extraction of the sample during the process of ginning is fully perfected and was used satisfactorily at three commercial gins during the 1944-45 season. Work is being continued to simplify the equipment and to provide in addition for automatic packaging and identification of the samples.

Cotton ginning and packaging studies are conducted in cooperation with the Agricultural Research Administration. That organization conducts the mechanical engineering phases of these studies while work under this appropriation relates to evaluating the effect of various types of equipment and systems of operation on the quality of the cotton and on marketing.

A preliminary economic study of ginning in a selected area of Mississippi, begun in 1944 in cooperation with the Mississippi Agricultural Experiment Station, was continued on an expanded scale during the fiscal year 1945. Preliminary indications are that ginning services of better quality and lower cost can be provided at the larger and better equipped gins. This study has been extended to a selected area in Oklahoma in cooperation with the Oklahoma Agricultural Experiment Station.

In cooperation with the Delta Experiment Station, a series of tests were made in 1945 involving special field plot planting, experimental cleaning and ginning operations, fiber and cottonseed quality testing, all planned with the objective of indicating the technical and economic possibilities of mechanization of cotton production, and harvesting and its effect on ginning, marketing and processing. Some of the results of these tests to date indicate that (1) the foreign matter content of machine-picked cotton is about 9 times that of the handpicked cotton of the first picking, (2) cotton picked with a machine graded from 2 to 5 grades lower than cotton handpicked at the same time, and (3) timely harvesting of cotton with a machine, as compared with delayed harvesting by hand, reduced the grade loss to an average of 1.6 grades. It appears that the successful adaptation of mechanical harvesting to the American cotton crop is likely to depend upon the development of equipment for the economical and satisfactory cleaning of lint after its separation from the seed and before pressing into bales at the gins. Research directed to the development of equipment to accomplish this purpose is now under way.

(o) Special Research Fund, Department of Agriculture (Allotment to Production and Marketing Administration)

This Budget schedule covers obligations under an allotment for special research in marketing farm products. Studies now under way have to do with the storage of grain sorghum on the farm and the extraction of foreign material from cotton lint at gins.

(p) Tobacco Acts

Appropriation Act, 1946		$1,000,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+67,500
Total anticipated available, 1946		1,067,500
Budget estimate, 1947		1,119,000
Change for 1947:		
Overtime decrease	-18,100	
Increase	+69,600	+51,500

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Tobacco Acts	$774,957	$1,049,400	$1,119,000	+$69,600 (1)
2. Overtime pay	117,203	18,100	- -	-18,100
Covered into Treasury as miscellaneous receipts, Public Law 529	522	- -	- -	- -
Unobligated balance	40,818	- -	- -	- -
Total available	933,500	1,067,500	1,119,000	+51,500
Anticipated supplemental .	- -	+67,500	- -	
Total estimate or appropriation	933,500	1,000,000	1,119,000	

INCREASES OR DECREASES

The net increase of $51,500 in this item for 1947 consists of the $18,100 decrease for overtime, and the following:

(1) An increase of $69,600 composed of:

(a) An increase of $62,586 resulting from an absorption in 1946 of a part of the cost of the Federal Employees Pay Act of 1945.

Additional funds were provided in the 1946 appropriation to extend the inspection service to all of the uninspected flue-cured markets designated by the Secretary. Although every effort was made to recruit and train sufficient inspectors, there were 24 flue-cured markets which remained uninspected during the 1945-1946 marketing season. The resulting saving of $62,586 is being used to absorb in 1946 a portion of the cost of the Federal Employees Pay Act of 1945. It is expected, however, that the future manpower situation will be such that sufficient employees can be recruited and trained to inspect all flue-cured markets in the 1946-1947 marketing season.

(b) An increase of $7,014 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: To assure tobacco growers a fair return based on current market prices for the quality of the crop produced by providing (1) uniform standards which may be used by growers in preparing the tobacco for market, (2) determination of the quality of the product through official inspection at designated auction markets at time of sale, and (3) current market information as a price guide to growers in order to assist them in deciding whether a buyer's offer is fair and acceptable.

The Problem and its Significance: Prior to enactment of the Tobacco Inspection Act in 1935, wide variations in prices of almost identical qualities of tobacco sold at auction markets had been the basis of long standing complaints among tobacco growers. This condition resulted in an annual loss in income to tobacco growers of several million dollars, profits going to speculators, warehousemen buying for house accounts, and regular buyers capitalizing on the growers' lack of information. Furthermore, a lack of knowledge of the value of tobacco by grades gave little incentive to produce the best kinds of tobacco. The Tobacco Inspection Act provides tobacco growers selling on auction markets with (1) a grade mark on the ticket of each lot to indicate the quality, (2) the official market report showing the average prices currently paid for that quality, and (3) assistance and training in preparing and sorting tobacco for market - the tools by which growers may protect themselves against losses.

More than 1.9 billion pounds of American tobacco were produced in 1944, of which about 91.3 percent, valued at approximately $744,000,000, was sold at public auction. Supplied with authentic and unbiased current information as to the quality and grade of each lot as well as market prices for each grade, the grower has the necessary information to appraise accurately and quickly the bids offered. The principal protection the farmer has against losses is the privilege of rejecting, within a specified time, bids which he considers unfair. Losses are further reduced by demonstrating and assisting growers in the proper method of preparing the tobacco for market.

Of the six classes of American tobacco grown and subdivided into 26 types, 3 classes sub-divided into 14 types are sold at public auction markets. Each of these 14 types is further classified by grade. Tobacco growers are not generally familiar with the technical considerations which control the grades of tobacco, and since auction selling proceeds very rapidly (an average of one sale every ten seconds), it is of the utmost importance to growers that government inspectors be on hand to determine the grades of the tobacco and supply current market prices for each grade. Auction warehouses furnish only average selling prices covering all grades sold, but do not furnish prices by grades.

An accurate appraisal of the volume and quality of the existing supply of tobacco is indispensable to an understanding of conditions affecting the market. These basic data are available

quarterly in the Tobacco Stocks Report, which presents in considerable detail the volume, type, form, and groups of grades of tobacco inventories.

General Plan: An auction market is designated by the Secretary of Agriculture for mandatory inspection service after approval by two-thirds of those voting in a referendum by the growers selling their tobacco at the market. At these designated markets trained inspectors examine the lots of tobacco before the sale and mark the appropriate grade symbol on each basket or lot ticket. Current price reports are made available to each grower. The grower is then in a position to determine, from a disinterested, unbiased source, the value of his tobacco and the approximate price he should receive. If the bid is not considered adequate by the grower, he may reject the offer and call for a resale.

Tobacco growers are further assisted in marketing their crop through an extensive educational program including demonstrations on the farm, at schools or at farmer meetings; exhibits at county fairs and farm conventions; and distribution of literature. By these various methods tobacco growers are currently informed of grade standards; the best methods of handling and preparing the product for market; and the value and use of Federal inspection and market reports on the auction floor.

Progress and Examples of Current Programs: There are 145 tobacco auction markets in the country. All of them, except four in southern Maryland, have been designated by the Secretary of Agriculture for inspection. During the 1945 fiscal year, 110 of the designated markets were inspected - an increase of seven markets over fiscal year 1944. The tables which follow indicate the growth of the inspection service since the enactment of the Tobacco Inspection Act (Table 1) and the status of the 1945 inspection program by types (Table 2).

Table 1 - Growth of Tobacco Inspection

Crop	Fiscal Year	Number of Markets Inspected	Number of Sets of Buyers	Tobacco Inspected at Auction Market: Inspected (1,000 lbs)	Tobacco Inspected at Auction Market: Percent of Total Auction Sales
1936-37	1937	20	26	146,114	14
1937-38	1938	22	28	208,234	15
1938-39	1939	31	41	255,231	21
1939-40	1940	41	58	465,000	28
1940-41	1941	45	66	568,000	34
1941-42	1942	84	114	698,000	63
1942-43	1943	105	145	875,433	68.3
1943-44	1944	103	143	911,500	71.1
1944-45	1945	110	147	1,382,595	77.7
1945-46	1946	117*	157*	1,627,000*	*86
1946-47	1947	141*	188*	1,740,814*	*98.3

*Estimated

Table 2 - Status of Tobacco Inspection

	Auction Markets		1944-1945 Season				
			Inspected Mkts.		Auction Sales		
	Total	Designated	No. of Markets	No. of sets of buyers	Total	Inspected	% Inspected
					1,000 lbs.	1,000 lbs.	
Flue-cured	76	76	46	72	1,074,398	694,098	64.6
Fire-cured	12	12	11 1/	15	56,557	56,557	100
Burley	45	45	45	54	588,239	588,239	100
Dark air-cured	8	8	8	6	43,701	43,701	100
Southern Maryland	4	-	-	-	17,147	-	-
	145 2/	141 2/	110	147	1,780,042	1,382,595	77.7

1/ One market did not operate in the 1944-45 season.
2/ Six of the markets are listed twice since they sell two types of tobacco.

Note: These tables represent only initial producers' sales on inspected markets. In addition, inspection was made of
(a) Nearly 96 million pounds of resales for producers;
(b) Approximately 2 million pounds of tobacco in hogsheads for cooperative marketing associations;
(c) 7½ million pounds of tobacco in connection with the operation of the tobacco diversion program for nicotine purposes.

Inspection service was furnished also in connection with the manufacturing and shipping 1,750,000 cigarettes and 1,106,000 pounds of native twist tobacco under the Lend-Lease program.

The market information service furnishes tobacco growers and the trade daily and weekly with current average prices of tobacco by official grades together with other important market data. These are of special value to growers at the markets where their tobacco is being offered for sale so that they may more accurately evaluate their own tobacco in the light of current prices. During the 1944-45 marketing season a total of 1,027 separate issues of the various tobacco market information reports, involving a total distribution of 664,375 copies, was made covering all types of tobacco sold on auction markets. Certain of these reports were specially prepared for radio. This information was disseminated over 29 stations in 8,484 broadcasts.

Table 3 - Extent of Distribution of Market Information

Item	1944	1945
Reports prepared:		
Press and Radio	419	505
Other (daily, weekly, seasonal, special)	490	522
Total	909	1,027
Distribution of copies:		
On tobacco markets	545,101	546,529
Other (Press and radio, mailing lists, demonstration and education)	114,766	117,846
Total	659,867	664,375

The distribution of the 546,529 reports to growers at markets was made on 538 auction floors, located at 108 marketing centers, and involving 14 tobacco types in the 12 States affected.

The demonstration and training program carried on in connection with this work reached approximately 63,000 tobacco growers during the year. The volume of work is indicated in the following table:

Table 4 - Tobacco Demonstration and Training.

Type of Activity	1943		1944		1945	
	No.	Attendance	No.	Attendance	No.	Attendance
Farm Demonstrations	1,391	17,441	1,258	15,588	1,582	19,009
Farmers' Meetings	101	3,450	277	6,981	276	7,517
School Demonstrations	559	20,172	610	21,686	758	27,878
Farm Visits and other Contacts	--	5,084	-	8,583	-	8,155
Exhibits at County Fairs and Farm Conventions.	7	-	-	-	5	-
Training courses for Inspectors	4	77	6	121	6	117
Training courses at Agricultural Colleges.	5	146	-	-	-	-
Grading tests held in Field	4	46	7	31	5	22
Publications distributed	62,500	-	58,000	-	59,275	-

(a) Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts

Appropriation Act, 1946		$181,600
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+24,500
Total anticipated available, 1946		206,100
Budget estimate, 1947		214,800
Change for 1947:		
Overtime decrease	-3,700	
Increase	+12,400	+8,700

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of the Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	$169,316	$202,400	$214,800	+$12,400 (1)
2. Overtime pay	24,951	3,700	- -	-3,700
Covered into Treasury as miscellaneous receipts, Public Law 529	232	- -	- -	- -
Unobligated balance	15,501	- -	- -	- -
Total available	210,000	206,100	214,800	+8,700
Anticipated supplemental	- -	-24,500	- -	
Total estimate or appropriation	210,000	181,600	214,800	

INCREASES OR DECREASES

The net increase of $8,700 in this item for 1947 consists of the $3,700 decrease for overtime, and the following:

(1) An increase of $12,400, composed of:

(a) An increase of $10,880 to provide additional personnel and passenger-carrying vehicles necessary to check on business establishments for compliance with licensing provisions of the Act:

Objective: To visit persons subject to the Act who have not been licensed in order to obtain application for license where it is found that the prospect should be licensed. Particular attention will be given to the many small operators who either through ignorance of the law or neglect have never applied for license, and therefore are operating contrary to the provisions of the Act.

The Problem and its Significance: Proper enforcement of the Perishable Agricultural Commodities Act is complicated by the constant turnover of operators in the produce trade. Keeping in touch with the numerous small dealers, particularly truckers who often operate on a seasonal basis is difficult. The number of such dealers who are operating without license is not known but it is estimated that there are at least 5,000 in the entire country. Undoubtedly the number will increase as trucks and tires become more plentiful. Since these small dealers are subject to the provisions of the Act they should be licensed in order that their operations may be brought under the requirements of the law.

Plan of Work: The greatest number of unlicensed dealers are operating in the Western and Southwestern sections of the country. Marketing specialists would visit unlicensed dealers in these areas for the specific purpose of acquainting them with their rights and liabilities under this law. It is estimated that at least 1,000 new businesses should be licensed in 1947.

(b) An increase of $1,520 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: To protect producers, shippers, distributors, dealers, brokers, commission merchants, and consumers against unfair practices in the marketing of fresh and frozen fruits and vegetables moving in interstate and foreign commerce.

The Problem and its Significance: Due to the perishable nature of fresh fruits and vegetables, it is extremely important that they be marketed as quickly as possible to prevent spoilage. This is done by commission merchants, dealers, and brokers who, prior to the enactment of this legislation, were in a position to defraud the producers, handlers, and consumers. Fraudulent methods were at times employed, such as attempting to evade the terms of a contract; refusing to pay for the produce delivered; incorrectly accounting for consignments; rejecting the shipment entirely; attempting to misrepresent or misbrand the product offered or purchased as to quality, grade, quantity, and condition; failing to keep adequate records of transactions; or using deceptive and short-weight containers. As a result of these practices, losses to growers were high and vast amounts of food spoiled and were dumped. The cost to consumers was correspondingly increased.

At the request of the industry, Congress enacted the Perishable Agricultural Commodities Act, the Produce Agency Act, and the Standard Container Acts, all of which regulate and control the marketing of produce. The Department is directed to carry out the provisions of these Acts.

General Plan: Under the Perishable Agricultural Commodities Act each commission merchant, dealer, and broker handling fresh or frozen fruits and vegetables in interstate and foreign commerce is required to obtain a license from the Department of Agriculture at a fee of $10 per year. Through field offices a check is made on those subject to license but are not licensed, and complaints of violations of the unfair conduct provisions of the Act are investigated. Violations are dealt with by (1) working out amicable settlements or making informal determination after the complaining parties have agreed to abide by the decision, (2) by the payment of reparation awards between the parties involved after the filing of a formal complaint with the Secretary or (3) revocation or suspension of licenses and/or publication of facts. The first method of settlement is being used more and more.

The Produce Agency Act prevents the destruction or dumping of farm products received in interstate commerce and requires commission merchants to give an accurate accounting of all farm produce received by them on consignment. This Act covers not only fruits and vegetables but all perishable farm products, including dairy and poultry products.

The Standard Containers Acts established standard sizes for climax baskets, berry boxes, till baskets, hampers, and round stave and splint baskets used in marketing fresh fruits and vegetables. All

basket manufacturers of the last three types must submit their specifications to the Department for approval as to compliance with standard qualifications. Containers not measuring up to these standards subject the manufacturer to penalty of fine and/or imprisonment. Compliance with these Acts is secured, and unintentional violations are prevented through periodic factory inspections or by examination in the Washington testing laboratory of sample containers voluntarily submitted by manufacturers. Scores of technical violations require only minor corrective adjustments.

The Export Apple and Pear Act is designed to promote the foreign trade of the United States in apples and pears and protect the reputation of American-grown apples and pears in foreign markets. This law prevents deception or misrepresentation as to the quality of such products by providing for commercial inspection. During the war, exports of apples and pears were discontinued with the result that no regulatory work was required under this Act.

Revenue: The enforcement of these regulatory acts continued during 1945 on a more than self-supporting basis. Actual expenditures amounted to $194,267. License fees amounting to $234,911, including renewals, were collected during the year and deposited to the miscellaneous receipts account of the Treasury.

Progress and Examples of Current Programs: The following summary indicates the volume of licensing activity during 1945 as compared with 1943 and 1944, and the anticipated volume during 1946 and 1947:

Licensing Activity

Item	Fiscal Year				
	1943	1944	1945	1946*	1947*
Number of licenses issued	4,935	5,301	5,627	6,600	7,600
Number of licenses terminated	5,325	4,620	3,965	3,900	3,900
Number of licenses in effect at end of fiscal year	18,634	19,305	20,967	23,667	27,367
Net license fees collected and deposited (including arrearage fees and penalties)	$195,952	$212,266	$234,911	$245,000	$255,000

*Estimated

At the close of the fiscal year there were more licenses in effect than ever before and increased activity will undoubtedly continue to swell the number of applications during the coming fiscal year.

The increase in licensing work was due to several factors including (a) closer checking of prospects by the field offices, (b) handling of frozen foods by food brokers and general wholesalers, (c) licensing of many potato chip manufacturers who had heretofore not realized that they were required to obtain licenses, (d) inclusion of many small jobbers, truckers, and retailers under the licensing provisions of the Act through amendment to the definition of "wholesale or jobbing

quantities" in the Secretary's regulations, making small purchases of interstate produce aggregating one ton in a day, rather than individual purchases of one ton lots, constitute the quantity to be considered in determining whether transactions are subject to the Act, (e) closer check on licensees who have changed their name or form of organization, and (f) greater attention to the collection of accured arrearages from those who had failed to obtain licenses.

Although slightly fewer complaints were received in 1945 than in 1944, informal amicable settlements from a monetary standpoint showed a big increase. The following summary indicates the volume of enforcement activity:

Enforcement Activity

Item	Fiscal Year 1943	1944	1945	1946*	1947*
Number of complaints received	1,889	2,058	2,020	2,300	2,500
Number of complaints personally investigated (balance handled by correspondence)	404	568	612	625	650
Number of formal decisions rendered by the Secretary	125	83	86	75	85
Formal awards of reparations	$59,021	$41,314	$69,082	$60,250	$70,000
Number of informal amicable settlements	1,030	900	888	970	1,100
Payments made under amicable settlements	$602,564	$938,120	$1,064,554	$1,165,000	$1,300,000

*Estimated

Only seven complaints were recorded under the Produce Agency Act during the year, exclusive of the complaints which also involved apparent violations of the Perishable Agricultural Commodities Act. Both Acts are enforced by the same personnel.

In 1945 the greater part of the container testing work was done in the Washington laboratory, due to inadequate personnel, travel conditions, and other factors. Twenty-six factories were visited at which 72 sizes and types of baskets were tested. Including laboratory and field, 1,516 individual samples in 508 lots were tested.

Because most violations are technical, not deliberate, due to mechanical errors not detectable until sample baskets are tested, the policy continues of securing correction and simultaneously detaining any non-standard stocks for destruction or diversion for other uses. This is more expedient than prosecuting because delays incidental to court action would allow countless containers of illegal sizes to enter

trade channels where it is impossible to trace or recover them.

In connection with experiments in air transportation of fresh fuits and vegetables, a special cylindrical container has been developed and used for flying ripe tomatoes to market from Florida. Special containers for strawberries and other products are now under consideration. In addition, the trend toward consumer-size packages is again being felt after a temporary halt because of the war. Also of importance is the current interest on the part of the trade in extending the principle of standardization to types of containers not now standardized under Federal law. These types of containers, including crates, boxes, and sacks, comprise the greater portion of those now used for fresh fruits and vegetables. Much investigational work needs to be done in this field.

(r) Cotton Statistics, Classing, Standards and Futures Acts

Appropriation Act, 1946		$1,042,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+138,000
Total anticipated available, 1946		1,180,000
Budget estimate, 1947		1,274,000
Change for 1947:		
Overtime decrease	-23,500	
Increase	+117,500	+94,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Grade and staple estimates of the carry-over and the crop	$220,036	$246,420	$247,940	+$1,520 (1)
2. Classification and information for groups organized for quality improvement	314,336	342,450	454,875	+112,425 (2)
3. Administration of the cotton standards and cotton futures acts	513,416	567,630	571,185	+3,555 (1)
4. Overtime pay	136,370	23,500	- -	-23,500
Covered into Treasury as miscellaneous receipts, Public Law 529	866	- -	- -	- -
Unobligated balance	25,759	- -	- -	- -
Total available	1,210,783	1,180,000	1,274,000	+94,000
Anticipated supplemental	- -	-138,000	- -	
Total estimate or appropriation	1,210,783	1,042,000	1,274,000	

INCREASES OR DECREASES

The net increase of $94,000 in this item for 1947 consists of the $23,500 decrease for overtime, and the following:

(1) Increases totaling $5,075 under projects 1 and 3 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

(2) An increase of $112,425 under the project "Classification and information for groups organized for quality improvement", composed of:

(a) An increase of $110,256 for classing cotton for members of organized cotton improvement groups:

Objective: To provide for prompt classification of cotton samples submitted by farmer-members of organized quality improvement groups and for full assistance to cotton farmers in the use of services under the Smith-Doxey Act.

The Problem and its Significance: From its beginning the free classification and information service provided by the Smith-Doxey Act has been one of the most popular of the marketing service programs. In the seven years since the program was inaugurated the number of bales classed in a season has grown from 83,592 the first year, representing less than one percent of the crop, to 4,069,117 or 34.4 percent of the crop, in 1945. In fact the service has been so popular with cotton farmers that the volume of work to be done has outgrown the funds available. The point has now been reached where (1) adequate service cannot be given farmers with present funds; (2) a considerable part of the overhead cost of the work is being borne by other classification programs; and (3) there is no room within existing funds for further growth of the Smith-Doxey program.

In spite of every effort to maintain it with available resources, the quality of this work has declined. Last year it fell to a seriously low point because (1) satisfactory samples were not always obtained. In trying to handle the great volume of routine classing, the demonstration work necessary to insure that sampling agencies obtain a truly representative sample was necessarily neglected. In many cases complaints of inaccurate classing were traced directly to samples that were not representative of the cotton in the bale, and (2) there was delay in returning the information to farmers after the sample was classed. There were farmers who lost as much as $30 a bale on cotton which they were obliged to sell before they received their classification returns. There were not enough classers to get the work out on time. Classing offices could not cope with the workload that piled up during the peak season.

When this work was started seven years ago $225,000 was appropriated, and increases have totaled $105,000. Expansion of the classification work--from 85,592 bales to 4,069,117 bales in a season--has far outrun the increase in funds. It has been possible to keep the work going only by close coordination of the Smith-Doxey classing with other classing programs. Large scale operations made larger by the loan and purchase programs of the Government, for which additional funds were provided, have had the effect of reducing the per sample cost of all classing. But the limit has been reached in "corner-cutting". Unless this appropriation is increased, one of two things must be done--continue to try to serve the 321,000 cotton farmers who are now participating in this program with service that can not be satisfactory, or cut down the scope by withdrawing the service from a sufficient number of farmers to enable the remaining groups to be served in the manner and to the extent intended when the program was inaugurated.

(b) An increase of $2,169 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: The cotton programs carried on under this appropriation have the following general objectives: to assemble and distribute information on the grade and staple length of cotton carry-over stocks and the crop; to give definite encouragement to cotton quality improvement by providing classification and market news for organized growers; to establish official standards of quality; to facilitate the use of official standards by classing or supervising the classing of spot cotton and cotton linters and classing all cotton offered for delivery in settlement of futures contracts; to supervise the quotation of commercial differences in designated spot markets; to disseminate cotton market information as to market prices and conditions.

The Problem and its Significance: When the quantity and quality of cotton produced from year to year is known, production may be more accurately adjusted to needs and farmers may concentrate on those qualities which may be grown and marketed to best advantage. Without such information, maximum effectiveness cannot be obtained in the production and marketing of those types of cotton that are best adapted to the needs of the cotton manufacturing industry and to the requirements of ultimate consumers of finished textiles.

The classification of cotton according to recognized standards of quality as a basis for transactions between merchants and cotton mills has been an established practice for many years. No cotton merchandising organization or manufacturer could operate without skilled classers. Cotton farmers, however, are not cotton classers, and generally they are not able financially to employ classers to do the work for them. Providing cotton classification to farmers enables them to bargain advantageously and obtain full premiums for improved quality.

Before the inauguration of cotton standardization work, identical grade names were applied in different markets to cotton of different quality and price. The Cotton Standards Act, administered under this item, requires the promulgation of official standards to be used as the required basis of all transactions in interstate and foreign commerce involving the sale of cotton and linters according to standard description.

The cotton classing service lends stability to cotton futures trading by providing assurance to purchasers under futures contracts that cotton delivered thereon will be of tenderable qualities and that no deliveries will be made at over-valuations. The establishment of this service provided means for eliminating abuses which theretofore had characterized cotton futures trading.

When the quantity and quality of cotton produced and carried over from year to year is ascertained, production may be more accurately

adjusted to meet future needs. This allows cotton farmers to concentrate on those qualities which may be marketed to best advantage. Without such information, maximum effectiveness cannot be obtained in the production and marketing of those types of cotton best adapted to the needs of the cotton manufacturing industry and requirements of ultimate consumers of finished textiles.

General Plan: These cotton programs are conducted under three projects:

1. Grade and staple estimates of the carry-over and the crop--Following World War I there developed a widespread belief that cotton on hand in public storage and carried over from year to year was of very low grade. This general belief had a depressing effect on prices for all cotton, even the better grades. People interested in cotton wanted to know how much low-grade cotton was being carried over from year to year. Consequently, Congress passed the law known as the Grade and Staple Statistics Act. This law requires the preparation and publication of two types of statistical reports giving up-to-date information on grade and staple length of cotton, as follows:

(1) The carry-over report issued annually shows the quality of the stock of cotton on hand as of August 1.

(2) A series of not less than three reports issued during the ginning season shows quality of the current crop.

The carry-over report is based on the classification of representative samples taken from cotton in storage. These figures are then applied to the census report on stores. Government classers visit the places where cotton is held and make actual classifications of samples for the determination of quality estimates. This report is issued as early as possible after August 1 and mailed to farmers, agricultural workers, members of the trade and others who are interested.

The second type of report required by the law estimates the grade and staple length of the current crop as ginned. It answers the three questions most frequently heard during the ginning season each year:

(1) How is the grade running this season?
(2) Is the staple length of the crop up to the average?
(3) How much damage is being done by rough preparation?

The ginning reports are mailed to about 10,500 farmers, ginners, agricultural workers and other individuals and organizations of the industry and are widely published in trade papers. Gins supplying samples are selected in such a way as to give a fair representation of the quality of cotton produced in different sections of the Cotton Belt. Field representatives of the Department call on the

ginners selected and make arrangements with them to submit a sample from each bale of cotton ginned during the forthcoming season. This job of enlisting the cooperation of the ginner is a major problem in cotton quality statistics because upon the ginner's full cooperation depends in large part on the accuracy of the statistics. Samples furnished by ginners are classified and the data used as a basis for the issuance of quality reports on the current crop. These reports cover the entire Cotton Belt by States and by districts within the State.

The quality reports, carry-over and current crop combined, give an overall picture of the supply of various qualities of cotton. The cotton industry uses them in appraising supply and demand conditions; they are guides to Government agencies in developing production, marketing, manufacturing and purchasing programs; cotton breeders and farmers, agricultural teachers, community leaders, and all others interested in the improvement of the quality of American cotton watch the trends reflected in these reports.

2. Classification and information for groups organized for quality improvement-- This work is authorized by the Smith-Doxey amendment to the Grade and Staple Statistics Act. The following services are furnished free to groups of cotton farmers organized for quality improvement:

(1) Classification of cotton produced by members of organized groups.

(2) Current information on market supplies, demand and prices.

Under the plan developed over the past few years, county agents are relied upon to assist growers in organizing cotton improvement groups. A key man is selected by each new group to act as its representative. Through these group representatives, instructions are supplied for drawing and submitting cotton samples for classification. These samples are sent to field offices where they are graded and stapled by Federal classers according to recognized standards. Individual bale classification records are supplied to each grower and a summary for the year is furnished the group. Field representatives visit groups from time to time to make suggestions and give assistance and instructions in the use of the service.

Cotton market information--price quotations and market reports--are furnished regularly throughout the season to the group leaders for dissemination among the members. Group representatives post price quotations at gins or other places where farmer-members have access to them. Farmers use the information to determine what prices they should receive. In order to keep the farmer informed regarding futures prices, special effort is made during the cotton marketing season to broadcast this information through the medium of radio, newspapers, and miscellaneous publications.

Administration of the Cotton Standards and Cotton Futures Acts: Work authorized by these laws is divided into five work projects:

(a) Preparation and Distribution of Official Standards: Official cotton and linters standards are used for measuring quality wherever American cotton and linters are sold. Various grades are represented by individual grade boxes containing samples illustrative of the characteristics of the particular grade. Staple length is illustrated by staple types. The grade boxes and staple types are made up from cotton, or linters, carefully selected and purchased for the purpose. They are sold to members of the industry and furnished without cost to classers employed by the Government.

(b) Licensing and Supervision of Licensed Classers of Spot Cotton and Linters: Cotton classers in private employment who meet the requirements of the Cotton Standards Act may be licensed and their work supervised by the Federal Government. Licensed classers are employed by cooperative association of producers, cotton merchants, warehousemen, and textile mills. For supervising the work of licensed classers a Board of Supervising Cotton Examiners is located at Memphis, Tennessee. Local boards of cotton examiners assist in this work. A Cotton Appeal Board is maintained in Washington.

(c) Classing Spot Cotton: Under the provisions of the Cotton Standards Act any person who has a financial interest in any cotton may submit a sample for classification. This service safeguards the interest of cotton farmers, manufacturers, and merchants. Each year samples representing several million bales are classified by the boards of cotton examiners located at 25 cotton marketing centers in the Cotton Belt. The purposes for which this classing service is required have varied somewhat from year to year. For the last few years much of the work has related to price support and other Government programs.

(d) Classing Cotton for Delivery on Futures Contracts: Under the Cotton Futures Act all cotton intended for delivery in settlement of futures contracts must be classed by employees of the Government. There is a widely fluctuating demand for this service. In some years the number of bales classed for delivery on futures contracts has reached nearly one million. During recent years control measures and wartime conditions have restricted futures market activity and have been largely responsible for relatively small deliveries on contract. This type of classification is available in five southern port offices where other types of classing are also handled.

(e) Supervision of Commercial Differences: In settlement of futures contracts under the Cotton Futures Act the differences between Middling 15/16 and other grades are determined by the averages of commercial differences prevailing in spot cotton markets designated for the purpose.

There are 10 designated markets at the present time. The quotations committees of the spot cotton exchanges in the designated markets are responsible for accurate quotations for more than 200 different qualities. Federal supervisors work closely with these committees, scrutinizing quotations and making corrections when necessary.

Accurate quotations contribute to stability in cotton futures trading and provide a basis for determining from day to day the relationship between prices for futures contracts and those for spot cotton. They furnish farmers reliable information from which to determine the approximate value of their cotton. Under the Federal Price Control Act, the maximum prices at which mills could sell yarns and fabrics are influenced directly by spot market quotations.

Progress and Examples of Current Programs: In the 1944-45 crop year representative samples from about 8 million bales of cotton, more than two-thirds of the total crop, were classified by Government employees. In addition, cotton linters classifications totaled 30,359. The task of classifying this volume of cotton and cotton linters and of supervising licensees required the services of 175 classers during the peak season assisted by 465 clerical workers and laborers.

The following table shows by classing programs the volume of cotton classification in 1945 compared with the two preceding years:

Table I

Classification of Cotton (Samples)

Item	Fiscal Year 1943	Fiscal Year 1944	Fiscal Year 1945
Classifications by Federal Employees:			
Grade and Staple Statistics Act	565,637	516,264	430,301
Smith-Doxey (Amendment) Act	3,567,095	3,350,622	4,069,117
Cotton Standards Act:			
Public Classing Service	349,493	337,181	528,624
Classing for Government Agencies:			
CCC Loan and Sales Programs*	1,582,665	1,719,998	2,778,942
Lend-Lease Program	661,244	321,041	193,220
Federal Penitentiary Textile Mill	26,098	13,105	14,957
Cotton Futures Act	51,644	26,053	89,017
Total classifications by Federal employees	6,803,876	6,284,264	8,104,178

* Smith-Doxey classifications also are acceptable under the CCC loan and sales programs.

Table I - Continued

Item	Fiscal Year 1943	Fiscal Year 1944	Fiscal Year 1945
Classification by Licensed Classers: (supervised by Federal classers)			
Cotton Standards Act..... (Figures include bale classifications and samples classed in sorting cotton into lots by grade and staple length)	7,028,218	8,863,216	11,085,619
Total classifications.....	13,832,094	15,147,480	19,189,797

Under Government control measures, a large percentage of the production of cotton linters in recent years has been channeled to war purposes. Linters are highly important in the manufacture of such products as smokeless powder, nitrocellulose, guncotton, high tenacity rayon, plastics, etc. Annual production of linters expressed in terms of 500-pounds bales, averages about 1,500,000 bales.

The volume of the linters classification work in 1945 is indicated by the following figures:

Number of public service classifications of linters (fee charged)	21,208
Number of classifications under Government control measures (no fee)	7,045
Number of classifications made in checking work of licensees (no fee).	1,512
Number of classifications of felt samples (no fee charged)	594
Classers licensed, including renewals (fee charged)	75
Official standards distributed.	150

The popularity of the free classification and information service under the Smith-Doxey Act is attested by its growth as reflected in Table II:

Table II

Growth in the Use of Classification and Market Information--Smith Doxey Act Fiscal Years 1939-1947

Fiscal Year	Season Beginning August 1	Members	Samples Classed	Percentage of Crop Classified
1947	1946 (Est.)	375,000	4,500,000	40
1946	1945 (Est.)	335,000	4,000,000	35
1945	1944	321,284	4,069,117	34.4
1944	1943	281,493	3,350,622	30.1
1943	1942	281,100	3,567,095	28.7
1942	1941	278,782	2,520,083	24.0
1941	1940	128,216	1,530,764	12.4
1940	1939	64,399	265,090	2.3
1939	1938	18,589	83,592	.8

Revenues earned in various ways in connection with cotton and cotton linters classification during the fiscal year 1945 are shown in Table III. These figures show that the classing work was about two-thirds self-supporting in the 1945 fiscal year.

Table III--Revenues, Fiscal Year 1945

	Collections
Cotton Standards Act	
Classing of cotton	$204,336.80
Classing of Cotton Linters	3,496.90
Cotton Classing License Fees	2,605.00
Cotton Linters Classing License Fees	415.00
Sale of Copies of Cotton Standards	11,011.25
Sale of Copies of Cotton Linters Standards	240.00
Cotton Futures Act	
Classing of Cotton	19,585.15
Total collections deposited to Miscellaneous Receipts account of the Treasury	$241,690.10
Value of samples accumulated for sale as Government property (estimated on basis of current price). As sold proceeds are deposited to Miscellaneous Receipts account of the Treasury:	
Cotton samples	$359,680.71
Linters samples	1,523.88
Deduct estimated cost of baling	-18,998.00
Net estimated value of samples	$342,206.59
Total revenue earned	$583,896.69

(s) United States Grain Standards Act

Appropriation Act, 1946		$741,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+127,000
Total anticipated available, 1946		868,000
Budget estimate, 1947		940,000
Change for 1947:		
Overtime decrease	-31,300	
Increase	+103,300	+72,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of the United States Grain Standards Act	$728,317	$836,700	$940,000	+$103,300(1)
2. Overtime pay	127,192	31,300	- -	-31,300
Covered into Treasury as miscellaneous receipts, Public Law 529	544	- -	- -	- -
Unobligated balance	4,946	- -	- -	- -
Total available	860,999	868,000	940,000	+72,000
Anticipated supplemental	- -	-127,000	- -	
Total estimate or appropriation	860,999	741,000	940,000	

INCREASES OR DECREASES

The net increase of $72,000 in this item for 1947 consists of the $31,300 decrease for overtime, and the following:

(1) An increase of $103,300, composed of:

(a) An increase of $99,018 for supervising the inspection and grading of a substantially increased volume of grain moving in domestic and export commercial trade channels, and for the replacement of worn-out automotive equipment.

Objective: To provide adequate Federal supervision over the inspection and grading of grain by licensed grain inspectors.

The Problem and its Significance: Supervision coverage by Federal employees of grain inspection and grading performed initially by licensed grain inspectors, is the measure of discharge of responsibility under the United States Grain Standards Act. Supervision coverage on carlot shipments at the level of 10 to 15 percent may be regarded as adequate. On the other hand, in the case of cargoes it is desirable to have 100 percent supervision, by reason of the importance which attaches to cargo inspection, particularly on export cargoes. Less than 90 percent coverage on cargo shipments is regarded as dangerous.

Emphasis on the supervision of cargo inspections develops from the fact that cargoes are assembled from many smaller units from various origins and different qualities. Large sums of money are involved, and the improper certification of a cargo is therefore a much more serious matter than would be a misgrade on a single carlot. This is true not only on lake and inland waterway traffic but to a greater extent in export trade.

Reflection on the American system of grading in export commerce finds its effect on interstate movements and back to the producer himself. Dissatisfied customers abroad will look to other countries for their source of supply if they lose confidence in our inspection system.

In the light of production estimates and the resulting quantity of grain which will move to market during fiscal year 1947, having in mind our expanding export trade which in recent months has been increasing rapidly, it is expected that funds available including the budget increase for 1947 will provide no more than the minimum amount for requirements of the inspection service during 1947.

Plan of Work: Additional grain samplers would be employed at important ports to take samples of grain while it is being loaded. To bring the Federal supervisory coverage of inspections made by licensed inspectors up to the 90 percent level or higher, 7 grain specialists and clerical assistants would be added to the Federal staff. Because of the emphasis placed on supervision of export cargo, Federal supervisors must be on continuous duty while a boat is being loaded.

It is the purpose of the Department to strengthen the Federal supervision and appeal coverage to the point where it will serve adequately to maintain confidence in the United States system of merchandising grain by grade.

(b) An increase of $4,282 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: To provide official United States standards of quality and condition for all grains and to amend or revise such standards from time to time as changes in production and marketing practices may warrant; to require the inspection by a licensed grain inspector of all grains sold by grade in interstate and foreign commerce; to provide a nation-wide grain inspection service by licensing qualified applicants; to supervise the work of licensed grain inspectors, and to suspend or revoke their licenses when necessary; to investigate and determine the true grade of grain when any interested party appeals from the grade assigned by a licensed grain inspector; and to prevent fraud and misrepresentation in grain merchandising through enforcement of the regulatory provisions of the Act.

The Problem and its Significance: Prior to the enactment of the United States Grain Standards Act the huge trade in grain was accomplished under chaotic conditions which in the final analysis penalized the farmer by lowering the price he received. Although the grain was contracted by grade, each market had its own grades and methods for interpreting grades and often the certificates of grade issued in one market would not be accepted in another. The confusion of grades led to an intricate tangle of trading maneuvers through which each market sought to build up its own advantage. Grade specifications were interpreted largely according to circumstances of the moment because inspectors were responsible only to persons in the market in which they operated. As there was no control authority, unscrupulous dealers could at times demoralize the whole trade.

The standards established under the authority of this Act have been found indispensable in cash and futures trading, warehousing, transportation, financing, price quotations, and the export trade. They form a basic, integral part of the marketing of the Nation's grain crops from the producer through the various channels of trade to the ultimate consumer. The standards promote economical use of our overburdened marketing facilities and provide a common language through which persons located at points distant from each other may contract for their grain requirements.

The standards must be amended or revised from time to time to match changes in production, marketing condition, and usages of the grain. Revisions must be suitable to facilitate marketing; and timely so as not to disrupt orderly marketing, loans, or other essential activities. The effective date of any changes in the standards must be at least 90 days after promulgation and publication in the Federal Register.

The licensing of inspectors and the supervision of their work, the handling of appeals from inspections performed by licensed inspectors, the investigation of irregularities in grading grain by licensed inspectors, and misrepresentations by the trade of the grade of inspected grain, present numerous problems of administration, regulation, cooperation and enforcement. The Act does not provide for Federal inspection, instead it provides that original inspections shall

be made by persons licensed under the Act, and that appeal inspections may be made by representatives of the Secretary of Agriculture. This plan of inspecting grain is sometimes referred to as a dual inspection system.

Licenses are granted to applicants after examination except that licenses must be granted without examination to inspectors of any State which maintains a grain inspection department organized under State law. In order to secure uniformity of inspection throughout the United States, the work of licensees is supervised by Federal employees. Experience has shwon that adequate supervision coverage should consist of the review of from 10 to 15 percent of the carlot inspections performed by licensees and at least 90 percent of the cargo inspections. The coverage of carlot inspection is based on Federal samples, including samples taken in appeals, and the 10 to 15 percent coverage varying with different markets has been found to be adequate. With cargo supervision, a high percentage of coverage is necessary because there is no opportunity for appeal after the grain is in the hold of the ship unless a Federal sample was taken at the time of loading. In the case of exported grain, incorrect grading by licensees may become the subject of representations through diplomatic channels. The supervision of cargoes can be accomplished in two ways: (1) by means of Federal samples taken at the time of loading or (2) on the basis of the sample taken by the licensed inspector and examined by a Federal grain supervisor. Experience has shown that to be effective cargo supervision should be based on Federal samples taken from approximately two-thirds of all cargo shipments.

Whenever the work of a licensee is found to be unsatisfactory his license may be canceled only after he has been afforded a hearing. The sound approach, and the one which the Department has been endeavoring to follow, is to secure correct and uniform application of the standards in the first inspection by the licensee rather than to permit misgradings to occur and then be faced with the necessity of instituting disciplinary action.

The number of appeals that must be handled in the work under this appropriation is dependent to a great extent on the quality of the crop and the amount of supervision that can be given to the initial work of licensed grain inspectors. Usually under normal peacetime competitive trade conditions the number of appeals increases as funds and personnel available for supervision decreases. Conversely, when the appeal load increases less supervision can be given to the work of licensees. Thus experience has indicated that supervision coverage should represent from 10 to 15 percent of the carlot inspections performed by licensees and at least 90 percent of the cargo inspections to hold appeals to a minimum consistent with the maintenance of uniform standards for all grain sold by grade in interstate and foreign commerce.

Irregularities of licensees in the grading and certification of grain must be investigated and appropriate action taken. Investigations must be made and actions taken on complaints that (1) persons in the grain trade have misrepresented the grade of grain inspected, (2) there have been improper marketing practices involving the grading or inspection of grain, or (3) persons have failed to secure inspections required by the Act.

The requirements of the statute are mandatory on persons who merchandise grain in interstate and foreign commerce. There is a corresponding responsibility on the Federal Government to provide a satisfactory inspection service for those who are required to use it. Adequate funds and personnel are essential for this purpose.

The grain trade requires inspection facilities six days a week, and cargo grain is offered for inspection at all hours and days of the week. Inspection departments are willing to offer their services whenever required and conditions permit proper inspection. This places an additional burden on the Federal activity and funds of providing supervision and appeal service without hampering the normal movement of grain. Recent legislation requiring payment of overtime above 40 hours per week has amplified this problem which can be met only by the payment of overtime in some markets and the employment of additional personnel in others.

In terms of both bulk and value, the grain trade is one of the largest enterprises in American agriculture. Because it affects such a substantial part of the Nation's transportation, warehousing, and productive capacity; no effort should be spared to insure that the marketing of grain is handled uniformly, expeditiously, and efficiently.

General Plan: The administration of the United States Grain Standards Act coordinates all grain inspection agencies into a national public service independent of local bias and influence insofar as possible under a licensing system. Under this law a nation-wide grain-grading service has been developed which is now thoroughly integrated in the entire grain-marketing system.

Standards have been established and revised as conditions required, for wheat, corn, rye, barley, oats, feed oats, mixed feed oats, flaxseed, grain sorghums, mixed grain, and soybeans. The official standards are published in handbook form available to the general public. Copies of the standards may be found at any country elevator or other place at which grain is bought, sold, or stored. The standards are used in many transactions even when official inspection is not available. The handbook of standards is supplemented by a Grain Inspector's Manual of 175 pages for the guidance of supervisors and licensees in applying the standards.

When sold by grade in interstate or foreign commerce the Act requires that grain be inspected, graded, and certificated according to the official standards. Original inspections are made by employees of States and trade organizations and by independent inspectors who are licensed by the Secretary of Agriculture and supervised by Federally employed district supervisors. Federal supervisors stationed in important grain markets work with the inspectors to keep them informed of inspection methods, correct interpretation and application of grading factors, such as; test weight, class, subclass, texture, heat damage, total damage, moisture content, dockage, foreign material, and condition.

Any interested person who is dissatisfied with the grade assigned to a lot of grain by the licensed inspector may appeal to the district grain supervisor to resample, grade, and inspect the lot of grain. Thereafter the supervisor issues a Federal certificate which supersedes the certificate issued by the licensed inspector. No fee is charged for an appeal unless the licensed inspector's grade is confirmed.

Boards of Grain Supervisors established in Chicago and in Portland, Oregon, review the work of and handle appeals from the decisions of the district supervisors. In performing this function, the Chicago Board annually reviews grain supervisors' determinations on approximately 25,000 samples of grain as well as samples submitted by the Portland Board to assure uniform grading throughout the country.

Progress and Examples of Current Programs: Grain marketings inspected in 1945 exceeded the 1944 record output by more than 410,000,000 bushels. During the year 415 licensed inspectors located at 137 established points and authorized to make inspections at 68 additional designated points (total 205), made 1,945,638 inspections covering 3,647,143,000 bushels of grain. During the five-year period ending in 1945 the volume of grain inspected annually under the Grain Standards Act has almost doubled.

The Act was administered in fiscal year 1945 through two field headquarters offices, 37 district offices and 6 subdistrict offices. Supervisors checked 173,699 inspections or about 9 percent of the total. Over one-third of this checking was in connection with appeals filed by interested parties who were dissatisfied with the grade assigned by the licensed inspector or who preferred or required a certificate issued by a Federal employee. This supervision and check of the grading of licensed inspectors aids in maintaining uniformity in grades between markets and reduces the marketing hazards incident to sampling and inspecting grain.

The following tables show (1) the number of appeals handled and appeal fees deposited in the Miscellaneous Receipts account of the Treasury, and (2) the percent of Federal supervision coverage related to the volume of grain inspected and graded by licensed grain inspectors:

Table I - Appeals

Fiscal Year	Number of Appeals Handled	Appeal Fees Deposited to Miscellaneous Receipts of Treasury
1940	42,382	$50,989
1941	45,894	63,746
1942	56,886	73,798
1943	55,393	70,047
1944	48,417	57,437
1945	59,024	78,480
1946*	70,000	85,000
1947*	65,000	80,000

*Estimated

Table II - Percent of Federal Supervision Coverage Related to the Volume of Grain Inspected and Graded by Licensed Grain Inspectors

Fiscal Year	Total Production	Bushels Inspected and Graded by Licensees: CARGO: Receipts	Bushels Inspected and Graded by Licensees: CARGO: Shipments	Bushels Inspected and Graded by Licensees: CARLOT: Receipts and shipments combined	Supervision Coverage: CARGO: RECEIPTS: Licensed Inspectors samples examined	Supervision Coverage: CARGO: RECEIPTS: Federal samples taken and examined	Supervision Coverage: CARGO: RECEIPTS: Total Supervision	Supervision Coverage: CARGO: SHIPMENTS: Licensed Inspectors samples examined	Supervision Coverage: CARGO: SHIPMENTS: Federal Samples taken and examined	Supervision Coverage: CARGO: SHIPMENTS: Total Supervision	Supervision Coverage: CARLOT: Receipts and Shipments Federal samples taken and examined
	(1,000 Bushels)	(1,000 Bushels)	(1,000 Bushels)	(1,000 Bushels)	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1940	4,520,225	72,021	201,017	1,603,836	13	44	57	33	65	98	17
1941	4,811,508	75,080	149,911	1,719,439	5	55	60	32	66	98	16
1942	5,216,199	78,424	156,534	2,033,383	16	51	67	36	60	96	12
1943	5,994,881	131,403	122,928	2,569,879	18	16	34	54	34	88	9
1944	5,406,594	203,685	142,862	2,890,328	74	3	77	65	29	94	9
1945	5,863,036	242,967	229,541	3,174,635	74	9	83	61	31	92	9
1946*	6,170,776	250,000	350,000	3,500,000	70	5	75	55	30	85	7
1947*	6,200,000	250,000	400,000	3,500,000	70	5	75	55	35	90	8

*Estimated.

(t) United States Warehouse Act

Appropriation Act, 1946		$507,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+60,000
Total anticipated available, 1946		567,000
Budget estimate, 1947		584,000
Change for 1947:		
Overtime decrease	-$9,420	
Increase	+26,420	+17,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of the United States Warehouse Act	$467,357	$557,580	$584,000	+$26,420 (1)
2. Overtime pay	61,129	9,420	- -	-9,420
Covered into Treasury as miscellaneous receipts, Public Law 529	45	- -	- -	
Unobligated balance	5,399	- -	- -	- -
Total available	533,930	567,000	584,000	+17,000
Anticipated supplemental	- -	-60,000	- -	
Total estimate or appropriation	533,930	507,000	584,000	

INCREASES OR DECREASES

The net increase of $17,000 in this item for 1947 consists of the $9,420 decrease for overtime, and

(1) An increase of $26,420 composed of:

(a) An increase of $23,250 for the replacement of worn out automotive equipment, $23,100 of which is non-recurring.

Of the 57 cars used in connection with the administration of the Warehouse Act, 4 were purchased in 1938, 21 were purchased in 1939, and 6 were purchased in 1940. These 31 cars have been in constant use by the Federal warehouse examiners engaged in the inspection of licensed warehouses.and all have been driven in excess of 60,000 miles, the mileage that experience has demonstrated to be the maximum for economical operation.

Many of these cars are now requiring the expenditure of large sums in repair costs. Some are reaching the point where they are even dangerous to use. It is anticipated that replacements will be available in 1947.

(b) An increase of $3,170 for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: To insure farmers safe storage for their products from the time of harvest to a time when such products can be sold to advantage. In addition, one of the primary benefits of the law has been to provide for the farmer a warehouse receipt which is universally accepted by banks and other lending agencies as prima facie evidence of commodity security for loans.

The Problem and its Significance: Farmers are tremendously interested in the safe storage of their products not only to avoid losses but also to facilitate the financing of their operations through low-interest loans. Financial institutions are willing to advance funds at low interest rates on warehouse receipts only when they know that the warehouse is properly supervised, the product is correctly represented as to grade and condition. The public interest is served by sound warehousing to protect the food and fiber supply, to permit orderly distribution of the product throughout the year, and to reduce marketing costs through low-cost credit and reduction of risk.

Warehousemen and owners of agricultural products are now more conscious of the need for safe storage and proper supervision than ever before. Warehouse operators welcome the assistance from warehouse examiners in showing their employees how the products should be handled. The results of Federal warehouse supervision have been so favorable that warehousemen throughout the country have found it to their advantage to obtain a Federal license. In spite of the demand for licenses, the number of licensed warehouses has remained relatively stable because of limitations in securing the number of personnel needed for warehouse supervision work. New applications for licenses could be accepted only to the extent that existing licenses were canceled.

Plan of Work: In the administration of the United States Warehouse Act there are two principal lines of work, (1) licensing, and (2) supervision of licensed warehouse operations. Before a license is issued extensive investigational work must be done. On the basis of information obtained, a decision is made as to whether a warehouseman should be licensed. The judicious selection of licensees through careful screening of applications coupled with proper supervision of licensed warehouse operations provides a sound foundation for warehouse receipts as a basis for collateral on loans.

Progress and Examples of Current Programs: In the licensing field the principal progress made during fiscal year 1945 was in increased licensing of wool storage facilities. Additional space for storing nearly 42 million pounds of wool was brought under Federal supervision during the year. Most of this expansion was in the Texas wool producing area. Licensed wool-storing capacity in that State is now 80 million pounds--enough to store the entire estimated clip.

During the year there was no material change in the total number of licenses in effect although 444 separate actions affecting licenses were taken. The following shows the in-and-out movement:

New licenses issued	111
Amendments modifying existing licenses	208
Expirations	42
Cancellations	71
Suspensions	7
Reinstatements	5

The following table shows the licensed storage capacity as of June 30 each year:

Commodity	Unit	Licensed Capacity 1943	1944	1945
Beans	Cwt.	925,050	1,624,650	1,551,550
Broomcorn	Bale	14,500	16,750	24,750
Canned foods	Case	3,665,506	3,575,900	4,113,900
Cherries in brine	Lb.	12,071,043	7,769,000	7,235,000
Cold-Pack fruit	Lb.	6,313,950	6,313,950	6,313,950
Cotton	Bale	10,387,853	10,648,785	10,590,096
Grain	Bu.	257,696,314	260,501,904	258,128,154
Nuts	Ton	27,000	19,800	6,600
Seeds	Cwt.	693,302	492,187	207,187
Sirup	Gal.	747,240	642,640	592,640
Tobacco	Lb.	148,578,900	116,150,000	100,740,000
Wool	Lb.	50,138,710	78,706,700	120,577,054

From the standpoint of workload, supervision is about 85 percent of all work connected with administration of the Warehouse Act. Licensed warehouses are visited periodically several times a year by warehouse examiners to see that regulations under which licensed warehouses operate are being observed. Experience has shown that for the highest degree of protective supervision each warehouse should be inspected four times annually. During the war years it was not possible to reach this standard in terms of the average number of visits per year because of the shortage of experienced examiners. In 1945 practically all warehouses under supervision were inspected three times during the year.

Inspections totaling 4,590 were made, covering from 1,350 to 1,400 establishments extending from the East Coast to the Portland, Oregon, area. These inspections were made by a force of examiners who performed, on the average, about 60 examinations each during the year. Each examination involves determining that all provisions of the Act and regulations under it are being observed. Examiners perform such duties as the following in making these determinations:

(1) See that warehouse is in proper condition for safe storage. For example, examine roof to see that it does not leak; see that floors are dry; drainage system is adequate; and fire prevention equipment is in good order.

(2) Check condition of products to guard against deterioration and spoilage.

(3) Check stocks to determine whether all products represented by outstanding receipts are actually there.

(4) See that actual weight and grade of all products corresponds with representations on receipts.

(5) Determine whether receipts are signed by a person having proper authority.

(6) See that adequate insurance on stored commodities is in force and that surety bond in the proper amount is on file.

(7) Investigate financial condition of warehouseman.

Numerous letters have come to the Department during the year pointing out the superior benefits of the Federal warehousing system. Warehousemen take pride in their membership. Notwithstanding the frequently voiced sentiment that there is too much Government interference in business, warehousemen are not complaining. On the contrary they are asking for more frequent checking of their operations.

(u) Federal Seed Act

Appropriation Act, 1946		$102,400
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+14,000
Total anticipated available, 1946		116,400
Budget estimate, 1947		137,000
Change for 1947:		
Overtime decrease	-2,340	
Increase	+22,940	+20,600

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of the Federal Seed Act	$101,238	$114,060	$137,000	+$22,940 (1)
2. Overtime pay	13,675	2,340	- -	-2,340
Covered into Treasury as miscellaneous receipts, Public Law 529	115	- -	- -	
Unobligated balance ...	2,672	- -	- -	- -
Total available	117,700	116,400	137,000	+20,600
Anticipated supplemental	- -	-14,000	- -	- -
Total estimate or appropriation ...	117,700	102,400	137,000	

INCREASES OR DECREASES

The net increase of $20,600 in this item for 1947 consists of the $2,340 decrease for overtime, and the following:

(1) An increase of $22,940 composed of:

(a) An increase of $21,982 to provide for controlling the quality of substantially increased importations of seeds; investigation of violations as a basis for prosecutions under the act; and testing of seeds for variety and other factors.

Objective: To test a substantially increased volume of seeds that are expected to be offered for importation, and to supervise the cleaning and staining of seeds that fail to meet importation requirements when offered; to intensify the investigation of complaints of misbranding of seed in interstate commerce; to make tests for correct labeling as to variety; and to conduct studies to improve seed testing methods.

The Problem and its Significance: Although importations of vegetable seeds fell off sharply during the war - from about 5,500,000 to 500,000 pounds per year - the volume of agricultural seeds imported increased from year to year throughout the war. A continuation of this growth, together with the return to prewar volume of vegetable seed imports will increase the workload connected with importations. Moreover, the present Federal Seed Act, enacted so recently as to have been administered only in time of war, controls the quality of importations of 196 kinds of agricultural and vegetable seeds, compared with only 18 kinds controlled under the law in effect prior to the war.

It has been possible to carry on investigations of complaints with respect to misbranding of seeds in interstate commerce on a restricted scale only because State inspection officials, materially reduced in number due to the war, were requested to submit only the most serious violations. A very substantial increase in requests for investigations is expected now with the return of peacetime and reemployment of State inspectors.

The importance to the farmer of planting the variety of seeds most productive on his farm cannot be overemphasized. If he plants unadapted seeds, his loss is not confined to the amount of money expended for seeds. He loses at least in part his time and labor and the use of his land.

As an aid in preventing violations under the act as well as reducing loss to the seed industry and to farmers, extensive studies also are needed to:

(a) develop more satisfactory methods of blending lots of seed so that all parts of the lot will be of the same quality,
(b) improve methods of testing country-run seed,
(c) encourage testing for moisture content before shipment,
(d) improve methods of storing seed to retain germination.

Plan of Work: Two seed analysts would be employed at the Beltsville, Md., laboratory to make variety tests of samples of seed in interstate commerce; to test seeds offered for import, and to supervise the cleaning and staining of importations as required. One seed technologist would be added to the staff to make studies of methods of improving seed tests. One new man (marketing specialist) would be employed to investigate complaints of misbranding in interstate shipments, and one clerk would be added to the staff at Beltsville. Since the testing for variety must be done where environmental conditions are suitable, approximately 800 samples of seed would be tested at locations other than Beltsville. This work would be done in cooperation with State experiment stations at a cost of approximately $2.50 per sample.

(b) An increase of $958 for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows:

> Federal Seed Act: To enable the Secretary to carry into effect the provisions of the Act entitled "An Act to regulate interstate and foreign commerce in seeds; to require labeling and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes", approved August 9, 1939, as amended (7 U.S.C. 1561-1610), /$102,400/ $137,000: Provided, That not to exceed $250 of this amount may be used for meeting the share of the United States in the expenses of the International Seed Testing Congress.

Section 701(b) of the Department of Agriculture Organic Act of 1944, approved September 21, 1944, amended the Federal Seed Act so as to provide basic legislative authority for use of this appropriation, as has been provided for in the annual appropriation act for a number of years, to contribute a small sum for work in connection with the International Seed Testing Congress. The insertion of the words ", as amended" is proposed merely for the purpose of making reference to the fact that the basic legislation has been amended.

WORK UNDER THIS APPROPRIATION

Objective: To protect farmers and other users of seed by requiring the complete and accurate labeling of all agricultural and vegetable seeds shipped in interstate commerce, and by preventing importation of inferior agricultural and vegetable seeds.

The Problem and Its Significance: Movement of misrepresented low-quality seed in interstate commerce, a common occurrence prior to the enactment of the Federal Seed Act, menaced American agriculture. Seed merchandising is a highly technical industry, and it is impossible to determine some of the inherent values of seed by visual examination. The farmer must rely upon statements appearing on labels. If the seeds he plants are not of good quality, his entire year's income may be partially or wholly lost.

The seed industry has been affected considerably by the tremendous increase in demand for seeds for planting in the United States as well as for delivery to foreign countries. During the war years inability to obtain certain kinds of seeds from foreign countries, the shortage of domestic varieties, and increases in seed prices attracted many firms without past experience into the field of seed production and distribution. This situation has encouraged misrepresentation and adulteration, and has multiplied the problems of administering the Act.

Many of the States expend large sums to control the introduction, propagation and spread of noxious weeds. Every State administers a law requiring truthful labeling of agricultural seed to protect the farmer from the use of poor seed, but these State laws alone do not adequately protect farmers who purchase seed from firms outside their own State. The Federal Seed Act aids the States in their programs to prevent the introduction of noxious weed seeds and supplements the State laws by requiring truthful labeling of seed moving in interstate commerce. The Act also recognizes the State laws by requiring that seed moving in interstate commerce shall be labeled to comply with the noxious weed seed laws of the State into which it is shipped.

Prior to the enactment of controls under the Federal Seed Act large quantities of low quality seed and screenings were imported into the United States This material was used primarily as an adulterant in seed to the detriment of the farmer. Under normal conditions many kinds of seeds are produced more economically in foreign countries. This is particularly true with certain kinds used in the United States for pastures, forage and in gardens where seed is not harvested. In 1945 approximately 75,000,000 pounds of seed were offered for importation. The quantity increased during the war and will increase still further as foreign trade expands. It is essential to the welfare of American agriculture that low quality seed and seed containing noxious weed seeds be excluded from the country.

Plan of Work: Adequate enforcement necessitates the inspection of seed moving in interstate commerce, the examination of seedsmen's records, and the testing of numerous samples. The Act requires the testing, before admission to this country, of practically all kinds of agricultural and vegetable seed imported from foreign countries.

The work involving interstate commerce is carried on in cooperation with 46 States and provides for utilizing the services of 250 State inspectors. Cooperative seed testing laboratories are maintained at Montgomery, Alabama; Sacramento, California; and Corvallis, Oregon. Federal laboratories are now operated at Kansas City, Missouri; Minneapolis, Minnesota; and Beltsville, Maryland. Violations are reported by State officials to one of these laboratories for formal action. Cooperation with the States prevents duplication of effort, makes for more economical administration, and from a long-time standpoint tends to encourage uniformity in State seed laws and more efficient enforcement activities. In the last five or six years 29 States have made their laws conform closely with the Federal law.

The Act requires that all imported field and vegetable seeds meet minimum standards and that all such seeds shipped in interstate commerce be accurately and completely labeled. This necessitates testing and sampling for variety, purity, noxious weed content, and germination; examination of records for origin and other matters required in labeling; supervision of staining or cleaning; investigation of violations and the initiation of legal proceedings when necessary.

Progress and Examples of Current Programs: The heavy volume of importations of agricultural and vegetable seeds in 1945 increased the testing work required by the Act to an all-time high. Total importations during the year reached about 75 million pounds which is about twice the volume imported, subject to Federal control, prior to the war. The following table shows volume of importations in 1945 compared with previous years:

Table I

Importations of Seed Subject to the Act
(Pounds)

Fiscal Year	Offered for Importation	Released as Offered	Rejected as Offered	Released after Rejection Following Cleaning, etc.	Rejected	Total Released
1947*	94,000,000	79,000,000	14,800,000	13,000,000	1,700,000	92,000,000
1946*	86,000,000	72,000,000	13,500,000	12,000,000	1,500,000	83,800,000
1945	75,204,957	63,450,703	11,754,254	10,433,904	1,320,350	73,884,607
1944	66,301,348	58,604,946	7,696,402	6,001,230	1,695,172	64,606,176
1943	40,404,935	38,315,044	2,089,891	1,167,905	921,986	39,482,949
1942	30,497,844	24,583,940	5,913,904	5,220,066	693,838	29,804,006

* Estimated

Under the Act imported alfalfa seed that is generally unadaptable in the United States must be stained 10 percent red or orange red. Approximately 8,000,000 pounds of Alfalfa seed were imported from Argentina during 1945. This is about 12 percent of the total supply and exceeds by 4,000,000 pounds the quantity imported from Argentina in any one year since "staining" has been required.

The importation of Chewings fescue from New Zealand has presented a difficult problem for years due to low germination caused by storage with excessive moisture. In the fiscal year 1944, 30 percent of the amount offered for importation was rejected. This results in a loss to the shipper. During the past year some of the shippers heeded the oft-repeated advice of the Department and obtained equipment for artificially drying the seed to a safe moisture content. Shipments arrived throughout the entire season with high germination. This has helped to reduce the amount of rejected seed (see Table II).

Table II

Chewings Fescue Imported from New Zealand
(Pounds)

Fiscal Year	Amount Offered for Importation	Amount Admitted: Germination Satisfactory: Artifically Dried	Amount Admitted: Germination Satisfactory: Not Artificially Dried	Amount Admitted: Germination Satisfactory: Total	Amount Rejected	(%)
1945	847,100	291,884	482,016	773,900	73,200	8.6
1944	1,284,900	-	901,200	901,200	383,700	29.9

Seed tests were made at the Federal and Federal-State laboratories as follows:

Table III

Seed Samples Tested

Fiscal Year	Import	Interstate	Check tests	For 1/ Federal Agencies	For Variety: Green House	For Variety: Field	Research	Total
1947 2/	6,800	5,500	340	4,000	400	4,500	4,500	25,540
1946 2/	5,500	4,500	275	8,000	400	4,500	2,500	25,675
1945	4,451	3,650	155	8,126	469	4,841	1,646	23,338
1944	3,751	2,079	246	8,123	730	3,726	396	19,051
1943	2,782	3,215	446	7,936	712	1,839	-	16,930
1942	3,668	2,966	472	3,290	408	759	896	12,459

1/ On reimbursable basis 2/ Estimated.

The patriotic efforts of civilians in responding to the Government's request for production from Victory Gardens were fortified by the standards of quality established for vegetable seeds. During 1945, 23,338 seed tests were made as compared with 19,051 in 1944, representing an increase of 22 percent. Recommended specifications for the guidance of Government agencies in conducting seed purchase programs were prepared and distributed. A total of 5,310 samples of seeds were grown in 8 States to determine variety - the most time-consuming kind of test - this being an increase of 19 percent

over the previous year. Plans are being studied to establish committees composed of representatives from Federal, State, and commercial interests to serve in an advisory capacity on varietal nomenclature.

In order to conserve space and utilize to the best advantage the equipment necessary in seed testing, an artificial source of non-heat producing light has been developed suitable for installation in the seed testing chambers now in use.

The testing of seed for variety ordinarily requires that the seed be grown until the crop is sufficiently advanced to determine the variety. Quicker methods for determining variety are highly desirable for the enforcement of the Federal Seed Act. Investigations are now being conducted to determine whether the identification of Ladino clover as distinguished from common white clover can be made within a period of 2 months when grown in continuous light. This would make it possible to correctly label mixtures of such seed that are otherwise indistinguishable. The price of Ladino seed is much higher than that of common white clover.

Methods of testing seed for germination have been improved by substituting neon and fluorescent lighting for daylight, and it has been found that specified types of artificial light are better than daylight for some kinds of seed and are good for all other kinds tested. Improvements have been made in other techniques used in testing seed for germination by devising automatic alternations of temperature and by providing humidification control in the germination chambers. Improvements were also made in the testing of Highland bentgrass and New Zealand spinach.

During the fiscal year 1945, the continued cooperation of 46 States in the coordination of State enforcement activities with enforcement of the interstate provisions of the Federal law, provided for utilization of 250 State inspectors. Because of heavy demands on the field force in connection with the large volume of seed testing work, the investigational work on interstate shipments was restricted to the minimum consistent with safety. Formal action was taken only in cases involving serious detriment to agricultural production. Criminal action in Federal courts on 14 violations was successfully terminated.

(v) Packers and Stockyards Act

Appropriation Act, 1946		$363,500
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+48,000
Total anticipated available, 1946		411,500
Budget estimate, 1947		464,500
Change for 1947:		
Overtime decrease	-7,200	
Increase	+60,200	+53,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of the Packers and Stockyards Act	$353,901	$404,300	$464,500	+$60,200 (1)
2. Overtime pay	50,720	7,200	- -	-7,200
Covered into Treasury as miscellaneous receipts, Public Law 529	245	- -	- -	- -
Unobligated balance	13,834	- -	- -	- -
Total available	418,700	411,500	464,500	+53,000
Anticipated supplemental	- -	-48,000	- -	
Total estimate or appropriation	418,700	363,500	464,500	

INCREASES OR DECREASES

The net increase of $53,000 in this item for 1947 consists of the $7,200 decrease for overtime, and

(1) An increase of $60,200 composed of:

(a) An increase of $57,712 to provide more adequate supervision of marketing activities at the various stockyards posted under the Act and to permit the posting of as many stockyards as possible out of the many nonposted yards throughout the United States now eligible for posting.

Objective: (1) To intensify and speed up the investigational work at supervised stockyards, and (2) to extend supervision to additional yards.

The Problem and its Significance: It is estimated that 121 million head of livestock were marketed during 1945--more than double the average yearly marketings of about 56,800,000 during 1935-39. This greatly increased volume of marketings has given rise to

increased frequency of violations of the Packers and Stockyards Act, and threatens the efficient administration of the Act in a two-fold manner:

(1) The present staff is not adequate to supervise the 196 posted stockyards, as the workload is directly related to the volume of livestock marketed. The result is a backlog of investigational work that has piled up at many of the supervised yards.

A typical example illustrates the inadequacy of the present supervisory force. The District Supervisor at Fort Worth, Texas, now working alone, is fully responsible for administration of the Act in an area larger than all the northeastern states combined, but located in the heart of the cow country. He supervises 17 large posted yards at widely diverse points. There are 386 operators at these yards. Although there is no standard for measuring the time involved in investigating unfair trade practices, it is obvious that adequate supervision by one man is impossible under these conditions. Investigation of one complaint involving one agency or dealer may require several weeks.

The volume of livestock marketings undoubtedly will continue at a relatively high level for some time. This outlook emphasizes the urgent need for a more adequate staff to insure compliance with those provisions of the Act dealing with unfair trade practices and unreasonable stockyard services. In order that farmers and producers of livestock who patronize posted markets may have the maximum protection, a program directed toward the detection of unfair practices has been put into effect, and will be carried out as rapidly and as extensively as funds permit.

(2) There are many unposted stockyards which now meet the requirements for posting under the Act. Since funds are inadequate to insure proper supervision if such yards are posted, no action has been taken to bring them under supervision.

Part of the budget increase would be used to post and supervise those markets most urgently in need of this service on the basis of being (1) located in the same city with a competitive posted yard, or (2) being immediately contiguous to and openly competitive with a posted yard. The budget increase would permit the posting of about 10 additional yards. There would still remain a very large number of markets which meet the requirements for posting, but which could not be posted or supervised with the funds requested.

Plan of Work: The program recently inaugurated for more effective enforcement at posted yards would be intensified. Agencies subject to the Act are being required to keep systems of accounts and records which will fully and correctly disclose all transactions. These records will make it easier to detect unfair practices, will provide for proper accounting to the shipper, and will also facilitate the collection of facts relating to the reasonableness of rates.

In order to carry out a well-rounded program directed toward the elimination of unfair trade practices, a chief accountant and a trade practice analyst would be employed in Washington. Investigations would be conducted with the assistance of marketing specialists, supervisors, and accountants in the field.

(b) An increase of $2,488 for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: The maintenance of open, competitive markets to which livestock producers may consign their livestock with assurance it will be handled and sold at its full market value, that the charges assessed by stockyard companies and commission firms for facilities furnished and services rendered will be reasonable, and that any unfair or discriminatory practices on the part of packers, stockyard companies, commission firms and dealers which are detrimental to the interests of producers will be detected and corrective action taken.

The Problem and Its Significance: The Act was passed in 1921 as a result of complaints made by livestock producers and shippers concerning practices, engaged in by certain packers, stockyard companies, commission firms, and dealers, such as unreasonable charges, inaccurate weights, collusion between salesmen and buyers, and many other unfair, fraudulent and deceptive practices. Previously, there had been little or no regulation of livestock marketing. Producers and shippers who consigned livestock to the public markets felt they were entitled to protection similar to that afforded users of services and facilities furnished by other industries charged with a public interest.

The volume of work performed in supervising marketing operations varies (1) with the volume of livestock being marketed, and (2) with changing economic conditions. When market operations and economic conditions are relatively stable, changes in yardage and selling charges are not so frequently sought and trade practice violations are not so prevalent. When economic conditions are fluctuating rapidly and the production and movement of livestock are relatively great, close supervision of transactions consummated at public markets is necessary to protect the interests of livestock producers.

Plan of Work: Public stockyards of more than 20,000 square feet in area are required to be posted under the Act. All commission men and dealers operating at posted yards must register with the Secretary of Agriculture and furnish bonds to assure performance of the obligations they incur. Enforcement of the Act is handled by supervisors whose headquarters are located atmajor stockyards. The immediate supervision of the livestock markets and designated poultry areas is conducted from field offices in the following cities:

Montgomery, Alabama	National Stockyards, Ill.	New York, N.Y.
Los Angeles, Calif.	Lexington, Kentucky	Cincinnati, Ohio
Denver, Colorado	Boston, Massachusetts	Cleveland, Ohio
Sioux City, Iowa	St. Paul, Minnesota	Portland, Oregon
Chicago, Illinois	Kansas City, Missouri	Nashville, Tenn.
Indianapolis, Indiana	Omaha, Nebraska	Ft. Worth, Texas

Smaller stockyards are visited periodically; complaints are investigated and, if possible, settled on the spot by the supervisors. Cases

may arise either as a result of periodic examinations or audits of the records of those subject to the Act, investigations of the operations of such parties, or from complaints filed by livestock shippers alleging unfair practices or the inadequacy of services or facilities furnished. Activities under the Act fall generally into the following categories::

(1) Rates and charges: Each posted stockyard and market agency is required to file with the Secretary a complete schedule of the charges assessed for all services furnished. The Secretary must be notified 10 days in advance whenever rates are to be altered. In many cases the schedules of charges filed are accepted; in some cases proposed increases are withdrawn after the Secretary's representative has informally intervened; and in others formal hearings are necessary to determine reasonable charges. All rate cases require thorough familiarity with the financial status of the stockyard or market agencies concerned, property valuations, complete information as to income, expenses, unit costs, and other related factors. Because of increasing costs of labor and materials, the volume of requests for rate increases has been abnormally large.

(2) Trade practices: Under the terms of the Act and the rules and regulations promulgated by the Secretary, packers, stockyards, market agencies, dealers and poultry licensees must adhere to fair marketing practices in the conduct of their businesses. Adequate facilities are required to be furnished shippers without discrimination; reasonable yarding and selling services must be furnished; weights must be accurate; accountings to shippers for livestock and poultry sold for their accounts must be accurate and complete; practices which are detrimental to the interests of producers who patronize the public markets are disclosed through investigations made and corrective action taken. Constant supervision over operations at public markets must be exercised if these results are to be obtained. Persons claiming to have suffered damage as the result of unfair actions of stockyard companies, commission men or dealers may file a complaint with the Secretary who may, after thorough investigation, require the payment of a reparation award to the injured party. The Secretary may, after hearings, issue orders requiring cessation of unfair practices or, in flagrant cases, he may for a reasonable period suspend the right of guilty parties to conduct operations at supervised markets.

(3) Record keeping: Packers, stockyards, registrants and licensees are required to maintain complete records of all transactions. If records are found to be inadequate the Secretary may prescribe by order the records to be kept.

Applicants for poultry licenses must furnish a certified

balance sheet from which their financial responsibility may be ascertained, must establish this fact through open hearings before a representative of the Secretary, or furnish a bond to assure payment for poultry purchased. Persons subject to the Act are required to file annual reports covering their operations and showing their financial condition.

Progress and Examples of Current Programs: Arbitration and informal proceedings have been used whenever possible in connection with enforcement of the Packers and Stockyards Act. Some cases, however, require formal proceedings in order to secure compliance. Table I shows the number of formal proceedings:

Table I

Number of Formal Proceedings

Fiscal Year	Cases Pending Beginning of Year	New Cases	Hearings Reopened	Total	Cases Disposed of	Cases Pending End of Year
1943	56	48	10	114	65	49
1944	49	80	10	139	82	57
1945	57	71	13	141	95	46
1946*	46	60	10	116	65	51
1947*	51	80	15	146	70	76

* Estimated

The volume of livestock and poultry marketed during fiscal year 1945, although not as high as in 1944, was still relatively high. It is estimated that 121 million head of livestock were marketed during 1945. This compares with 90 million head during 1942, 100 million during 1943, and 140 million during 1944. This continued high volume of trading coming at a time when economic pressures were causing stockyard companies and commission firms to urge higher rates, together with the tendency toward increased trade practice irregularities, made the administration of the Act more difficult in 1945 than ever before.

No additional yards were posted during the year, and six were deposted because they no longer came under the Act. Although it is known that a great many stockyards now operating throughout the country undoubtedly come within the definition of the Act, limited funds with which to employ needed personnel has necessitated continuation of the policy of not posting additional yards until full supervision can be extended. Table II shows the number of persons and agencies subject to the Act:

Table II

Number of Persons and Agencies Subject to the Act.

Fiscal Year	Stockyards Posted	Market Agencies Registered	Dealers Registered	Packers Under Supervision	Poultry Licenses
1943	205	1,863	2,548	1,217	1,619
1944	202	1,907	2,553	1,301	1,574
1945	196	1,972	2,506	1,332	1,538
1946*	196	2,000	2,600	1,400	1,545
1947*	206	2,100	2,750	1,450	1,600

* Estimated

During the year 1,040 tariffs and supplements seeking changes in existing rates were filed. In all cases where changes involved substantial increases intensified valuation and economic surveys were made for the purpose of testing the claims before recommending their acceptance. If justification was not shown, the parties filing the tariffs were persuaded in most cases to withdraw or modify their requests. It is estimated that annual savings of about $85,000 to producers resulted from these informal actions.

Ten cases involving commission and stockyard rates were disposed of, without hearings by stipulations and orders relating to the reasonableness of the rates in controversy. An order was issued reducing the charge for rental of poultry coops at designated poultry markets with estimated savings to the producers of $12,000 annually. Annual savings to producers as the result of formal and informal action on rates and charges in 1945 is estimated to be approximately $361,000.

The valuation engineers completed appraisals of the physical plant and lands of the following stockyard properties:

Union Stockyards, San Antonio, Texas
Baltimore Union Stockyards, Baltimore, Md.
Mississippi Valley Stockyards, St. Louis, Mo.
Salina Sales Pavillion, Salina Kansas
Western Livestock Commission Company, Garden City, Kansas
McKinlery-Winter Livestock Commission Company, Dodge City, Kansas
McKinlery-Winter Livestock Commission Company, LaJunta, Colorado
Beverly Sales Company, Salina, Kansas

Based upon the findings of facts developed from 404 financial and trade practice audits made during the year, 41 disciplinary complaints involving unfair trade practices were issued. Complaints

were terminated in some cases by suspension of registrations and licenses and in other cases by cease and desist orders.

Greater recourse was had during the year to stipulations in those cases involving matters where fraud or more serious violations were not apparent. Thirty-eight stipulations were approved under this provision of the rules of practice. If in the future the agencies which have entered into the stipulations are found to be continuing the practices they have agreed to discontinue, the stipulations provide that the facts can be used in formal proceedings.

Five hundred and twenty complaints were received by the supervisors and disposed of by them without reference to the Washington office as compared with about 600 the previous year. By this means there was recovered for shippers and others a total of $13,225 without the necessity of filing formal complaints and attending hearings.

A total of 1,930 scale testings were made at the various markets throughout the country. The findings of these tests revealed that over 300 scales were in need of adjustment, repairs, overhauling, or replacements.

Audits of books and records of the various agencies subject to the Act are indicated in the following tabulation:

Table III

Audits of Books and Records of Stockyard Companies, Market Agencies, Traders, Order Buyers, Brokers, Licensees and Others.

Fiscal Year	Financial and Trade Practice Audits	Rate Audits and Investigations	Audits for Licenses	All Others	Total
1945	404	10	45	7	466
1946*	600	8	50	12	670
1947*	600	30	50	10	690

* Estimated

(w) Naval Stores Act

Appropriation Act, 1946	$30,100
Anticipated supplemental due to the Federal Employees Pay Act, 1945	4,500
Total anticipated available, 1946	34,600
Budget estimate, 1947	33,800
Change for 1947:	
Overtime decrease .-700	
Other decrease ....-100	-800

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of and service operations under the Naval Stores Act	$28,529	$33,900	$33,800	-$100 (1)
2. Overtime pay	4,682	700	- -	-700
Covered into the Treasury as miscellaneous receipts, Public Law 529	6	- -	- -	- -
Unobligated balance	1,511	- -	- -	- -
Total available	34,728	34,600	33,800	-800
Anticipated supplemental	- -	-4,500	- -	
Total estimate or appropriation	34,728	30,100	33,800	

INCREASES OR DECREASES

The decrease of $800 in this item for 1947 consists of the $700 decrease for overtime, and a net decrease of $100 arising out of an amount of $233 which is included in the 1946 estimated Federal Employees Pay Act supplemental, but not in the 1947 estimate, representing additional costs resulting from acceleration of within-grade salary advancements required in 1946 by the Pay Act. The latter amount is offset in part, however, by an increase of $133 in the estimates for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: To protect the public against the sale of adulterated turpentine misgraded and misbranded rosin -- a widespread practice before Congress passed the Naval Stores Act. This law establishes official United States standards for rosin and turpentine and provides analysis, classification and grading services. The official standards are manatory when naval stores are sold in interstate commerce.

The Problem and its Significance: Before Federal regulation of naval stores was begun, adulterated turpentine was being sold in many consuming centers. Producers and dealers often misbranded and misgraded rosin, and it was evident that official standards for this commodity were badly needed. It took a long time to organize and harmonize the interests of both producers and consumers and to formulate provisions of an act to regulate the naval stores industry. Eventually the Naval Stores Act was passed in 1923 providing control over interstate commerce in the highly essential naval stores -- spirits of turpentine and rosin.

Essential Uses of Naval Stores

Naval stores have many essential uses. Rosin is used principally as a sizing or water-repellent in paper-making. Rosin makes wrapping paper and fiberboard boxes strong and water-resistant, acting as a binder for the cellulose fibers. Yellow laundry soap contains about 50 percent of rosin soap, and many of the cheaper grades of toilet soap and most industrial soaps contain some rosin. The manufacture of varnishes and enamels requires large quantities of rosin.

Rosin is used also in making chemical and pharmaceutical preparations, such as body plasters and adhesive tape. Heated to high temperatures, rosin is converted to rosin oil used in making printing ink and axle grease. It is used in the manufacture of linoleum and other floor coverings, adhesive and plastic preparations, foundry core oils, shoe polish, matches, insulating materials, insecticides, and for many other purposes.

Turpentine is necessary for thinning paints and varnishes. Today practically all the camphor produced in this country is produced synthetically from alphapinene, the principal chemical compound in turpentine. Camphor is an important item of medicine and an ingredient in celluloid and some forms of smokeless powder. Formerly, camphor was obtainable only from the camphor tree of Formosa, and the Japanese Government had a monopoly on the camphor supply. Turpentine is used in paste shoe polish, insecticides, printing inks, adhesives and plastics, and certain medicinal preparations. It is also a well-known home remedy.

General Plan: The Naval Stores Act prevents the sale of adulterated, misbranded, or misgraded turpentine and rosin, and the use of fraudulent practices in the sale of these naval stores. Provisions are made for inspection service under which interested persons may have

products analyzed, classified, or graded, on request, by the Department of Agriculture. The Act establishes official standards for naval stores and makes available duplicates or "types" of the official rosin standards for use in grading rosin.

Under the regulatory provisions of the Act, each of the four different kinds of spirits of turpentine must be labeled, sold, and shipped under or by reference to its own standard of identity, as follows: Gum spirits of turpentine, steam-distilled wood turpentine, destructively distilled wood turpentine, or sulphate wood turpentine, depending on the process by which it was produced. No mixture of two or more kinds of turpentine may be sold in interstate commerce since no standards have been set up for such a product.

Rosin must be classified as "gum rosin" or "wood rosin", and also by one of the grades specified in the Act, or subsequently by the Secretary of Agriculture, if a suitable grade has not been prescribed by the Act. Restrictions are placed on the use of the words "turpentine" and "rosin", and they may be used to describe only the genuine product. Use of the word "turpentine" or similar names to describe substitute paint thinners consisting wholly or partly of mineral oil is prohibited. False or misleading wording of labels or invoices, or deceitful practice including slack filling of containers of turpentine, are also prohibited.

Standards

Government color standards for rosin consist of combinations of colored glasses made up by cementing together square plates of glass to duplicate the color and characteristics of rosin. A master set of the standards is held at the Department of Agriculture. Duplicate sets are loaned to qualified persons for use in grading their own rosin production or purchases. The grade of rosin is determined by comparing a suitable sample with the appropriate standard types. Each barrel must be sampled individually since not all the barrels even from the same distillation may be exactly alike in color.

Producers and dealers in rosin may have their products classified and graded by Federal graders. The grading for gum rosin producers is done both at the stills where the rosin is made and at marketing-point concentration yards.

The purchaser of a quantity of turpentine ready for shipment or received on consignment may request the Department to issue a certificate of approval of the material so that he can be sure it is up to grade. To be of standard quality, and meet the requirements of the Act, turpentine must agree with the description of source and method of production indicated by the label and invoice, as prescribed by the Act and its regulations. It must also conform to the generally accepted specifications for quality of turpentine that suit the ordinary purpose for which--or processes in which--the article is generally used.

Progress and Examples of Current Programs: The regulatory work was seriously curtailed during the first four months of fiscal year 1945 due to inability to obtain qualified personnel.

During the 8 months period from November 1, 1944 to June 30, 1945, analyses of samples collected from 182 lots or shipments of turpentine revealed 19 which involved some type of non-compliance with the Act. In 11 of these cases, non-compliance being minor or unintentional, informal notification or warnings were issued. Deliberate adulteration was found in the remaining 8 lots. Since they represented intrastate shipment and sale, they did not come within the scope of the Federal statute. The State authorities in the States involved have been informed of these frauds.

The following table itemizes regulatory operations for 1945:

Regulatory Work

Number of lots officially sampled	174
Number of firms represented	39
Number of informal or investigational samples	8
Number of lots involving violations	19
Number of citations	0
Number of firms receiving less formal notification or warning	11
Number of prosecutions completed	0
Number of firms notified, instructed or otherwise warned against practices violative of the Act, by correspondence (no samples collected)	3

Inspection fees collected and turned into the United States Treasury in 1945 amounted to $2,572.60.

The following tabulations show the amount of service work done in 1945 compared with the two previous years:

Service Work for Producers	Fiscal Year 1943	1944	1945
Number of barrels and drums of rosin inspected and certified	432,262	239,456	164,994
Number of rosin inspection certificates	21,309	10,875	6,625
Number of lots of turpentine inspected and certified	3	201	677
Number of drums of turpentine certified	400	2,561	9,300
Number of samples of turpentine and rosin tested and analyzed on request (incl. Government agencies)	85	92	99

Inspections for Vendors on Government Purchases	Fiscal Year 1943	1944	1945
Number of lots inspected	236	49	59
Number of drums of rosin certified in field	38,477	1,970	6,691
Number of drums of all other naval stores certified	38,988	5,473	12,053
Number of samples analyzed	165	13	44
Number of lots rejected and replaced	4	0	2

An increased number of calls came in last year for sets of the U. S. Official Rosin Standards. This was due, first, to an increase in the number of central turpentine stills, and, second, to the purchase by dealers and consumers of a larger proportion of the crop of rosin at the point of production. Twenty-one sets of official standards were issued on security loan to new depositories. Sixteen sets were recalled during the year for overhauling, repairing, and checking for accuracy.

Methods of detecting distilled wood turpentine and destructively-distilled wood turpentine when used as adulterants in gum spirits of turpentine were completed and published during the year. In addition, the following papers on naval stores testing were published:

1. "The Determination of the Terpene Alcohol Content of Steam-Distilled Pine Oil."

2. "The Determination of Moisture in Naval Stores Products by the Karl Fischer Method."

Another paper entitled "A Constant Temperature Air Bath Method for Ring and Ball Softening Point of Resins" has been prepared and released for publication.

Research and collaborative analytical test work is performed in conjunction with the American Society for Testing Materials for the purpose of developing specifications and reliable test procedures in the enforcement or service work. The methods of sampling and grading rosin, based on Government procedure, have been adopted by the American Society for Testing Materials as the standard for the industry.

PRODUCTION AND MARKETING ADMINISTRATION

(x) Insecticide Act

Appropriation Act, 1946	$186,800
First Deficiency Appropriation Act, 1946	26,500
Anticipated supplemental due to the Federal Employees Pay Act of 1945	+27,700
Total anticipated available, 1946	241,000
Budget estimate, 1947	262,500
Change for 1947:	
Overtime decrease ..-3,750	
Increase .....+25,250	+21,500

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Administration of the Insecticide Act	$181,544	$237,250	$262,500	+$25,250 (1)
2. Overtime pay	27,099	3,750	- -	-3,750
Covered into the Treasury as miscellaneous receipts, Public Law 529	65	- -	- -	- -
Unobligated balance	6,500	- -	- -	- -
Total available	215,208	241,000	262,500	+21,500
Anticipated supplemental	- -	-27,700	- -	
Total estimate or appropriation	215,208	213,300	262,500	

INCREASES OR DECREASES

The net increase of $21,500 in this item for 1947 consists of the $3,750 decrease for overtime, and the following:

(1) An increase of $25,250 composed of:

(a) An increase of $23,800 for more stringent control over the use of new insecticides and fungicides such as DDT, gammexane, etc., now released for civilian use.

Objective: To protect the American public against the sale of adulterated, misbranded, ineffective and even dangerous insecticides and fungicides, including many new products which were developed during the war years.

The Problem and its Significance: A number of new insecticides and fungicides developed for use in waging war have now appeared on the civilian market. These include dimethyl phthalate, DDT, and numerous other synthetic compounds. The most publicized of all is DDT but there are many others. Some of these new products have been given extravagant publicity by press and radio. Newcomers without previous experience in compounding insecticides are getting into the field to capitalize on the free advertizing. This situation has complicated the enforcement problem under the Insecticide Act.

A great many new insecticidal and fungicidal preparations have always appeared on the market every year. These products are now being introduced more rapidly than ever, as this country becomes more and more insecticide-conscious--due partly to the tremendous success of the United States Army in eliminating disease-carrying insects and checking disease conditions in war areas. It is estimated that before the end of fiscal year 1947 there will be 20,000 different preparations on sale--about 5,000 more than the number on the market now. Many of the new products cannot be analyzed by establishing methods. New methods must be worked out and new procedures developed.

At the present time--only four months after new products formerly reserved for military use began to be released for civilian use--it has already become clear that the technical and enforcement staff is not adequate to administer the Insecticide Act. A program has been inaugurated to prevent as many violations of the Act as possible and thus lighten the enforcement load by encouraging manufacturers and distributors to submit proposed labels and formulas for examination before their products go on sale. By preventing mislabeling it is hoped that the tremendous increase in new products on the market--reaching 20,000 in all by 1947--will not result in a corresponding increase in actual violations, and that the changes now taking place in the insecticide industry can be accomplished without major losses to users of insecticides. That there is need for this preventive program, and that this approach to the problem should be continued and the work intensified is apparent from the results so far. Proposed labels submitted for review have shown that:

(a) 90% would have been in violation of the law if found in interstate commerce;
(b) 75% were misleading in that they implied that the product contained more of a particular ingredient than was actually the case;
(c) 75% had inadequate directions for use which, if followed, would not have resulted in control of the insects for which the product was intended;
(d) 40% contained recommendations for use against insects which the product would not control;
(e) 40% failed to comply with the ingredient statement requirements of the Act;
(f) Many labels bore broad and exaggerated claims.

Plan of Work: The enforcement work under the Act would be supplemented with the preventive program recently initiated. The success of this preventive work hinges on giving the industry prompt and efficient service in acting upon the labels voluntarily submitted. One scientific worker and a clerk can review about 1,200 labels per year. For fiscal year 1947 it is anticipated that at least 6,000 labels will be submitted for review--an increase of 4,800 over the number submitted in 1945. Eight new employees will be required for this work.

With an enormous number of new products coming on the market the job of sampling will increase. One inspector can collect about 240 samples per year together with documentary evidence of identity and of interstate shipment. An additional inspector would be employed to raise the sample collection to 2,250 in 1947.

Each sample must be analyzed in the chemical laboratory. A chemist analyzed about 175 samples per year. Each sample intended for use against insects, plant fungi, or as a disinfectant must be tested or passed on by an entomologist, plant pathologist or bacteriologist, respectively. The increased workload in the analysis field, resulting from the collection of more samples, will require the equivalent of three full time scientific and clerical employees, together with necessary laboratory equipment and supplies. Provision must also be made for developing new testing methods for new products that cannot be analyzed by available methods. One new scientific worker will be needed for this work.

(b) An increase of $1,450 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

CHANGES IN LANGUAGE

The estimates propose the deletion of the language contained in the First Deficiency Appropriation Act, 1946 which appropriated an additional $26,500 for this item in 1946.

WORK UNDER THIS APPROPRIATION

Objective: To prevent the adulteration and misbranding of insecticides and fungicides in order to protect farmers, livestock producers, and other users from fraud, deception and damage through ineffectiveness or direct injury to themselves, their crops, and their livestock; to devise methods for testing new insecticides and fungicides, and to improve methods for testing products already established in the trade for the purpose of detecting violations of the Act and for use as evidence in court actions against violators.

Products subject to the Act are (1) insecticides and fungicides used in protecting fruits, vegetables, and field crops from insects and diseases; (2) insecticides for use against insects attacking man and animals; (3) household insecticides for use against such insects as houseflies, moths, mosquitoes, roaches, ants, and others; and (4) seed and soil-treating material used for controlling seed-borne diseases of plants and disinfectants used in preventing the spread of communicable diseases of man, farm animals, and pets.

The Problem and its Significance: A number of new insecticides and fungicides developed during the war period have been released to the public in tremendous quantities due to the sudden cessation of hostilities. These include dimethyl phthalate, DDT, and numerous other synthetic compounds. The impact of this sudden release of new preparations, together with the pent-up public demand for them created by extravagant claims made in popular magazine and newspaper articles which were given extensive publicity by both press and radio, precipitated a complete upset of the insecticide business of this country. This upset is continuing to present problems of unprecedented scope and complexity, requiring intensified surveillance of the insecticide industry. Such problems must be dealt with as they arise if farmers, livestock producers, and other users are to receive adequate protection from adulterated and misbranded insecticides and fungicides.

DDT has been found to be outstandingly effective in the elimination of disease-carrying insects. There is no doubt that this product has tremendous value when correctly used. It is equally true, however, that improperly used it can be poisonous to man and kill birds and fish. It is known to be ineffective in the control of some of our most harmful insects, such as the Mexican bean beetle and the cotton boll weevil. If improperly used, it may be harmful to beneficial insects, such as bees which are necessary for the pollination of many fruit and other crops.

The aerosol bomb is a new method of applying insecticides. It has great promise for use in killing household insects, particularly flies and mosquitoes which are serious health menaces. As with many such products, there is a tendency to exaggerate its efficacy. To properly control labeling of aerosol bombs it is necessary to determine their limitations. For example, they have not been found very effective against insects such as roaches, moths, and bedbugs which can only be reached with difficulty by the aerosol.

Substitute disinfectants have been manufactured as a result of the shortage of phenolic disinfectants and pine oil. Synthetic materials, such as the so-called quarternary ammonium compounds and substituted phenols, are being sold today which do not have all the properties contained in the products they propose to replace.

Manufacturers have sizeable inventories of insecticides already well advertised and established on the market which may be superior to some insecticides containing DDT. Because of the wide publicity given DDT, the public is inclined to pass up these well-known insecticides and try the new preparations. The manufacturers are extremely critical of the competing brands which are in demand by the public because the preparations contain DDT. Demands from the trade and users of insecticides and fungicides for more adequate control are steadily increasing.

It is imperative that the Federal Government be in a position to render every possible assistance to manufacturers to insure proper labeling, to protect the public from ineffective and sometimes dangerous preparations, and to secure the widest possible compliance with the Act.

The growth of the insecticide and fungicide industry in recent years has been tremendous, and according to best estimates there are now more than 15,000 different brands of insecticides and fungicides on the market with the number ever increasing. These are distributed by about 1500 manufacturers and have a retail value of at least $150,000,000 (excluding disinfectants). It is a constantly changing field with an increasing number of new products appearing on the market annually.

The farm crops, including livestock and poultry, valued in excess of thirteen billion dollars, are in large measure dependent upon the effectiveness of these products for protection. Producers cannot afford to play a game of trial and error with insect and disease control, particularly today with high cost production and high prices for their products. The farmer or livestock producer is not in a position to test these materials himself because he is neither equipped nor trained to do so.

The size and nature of the insecticide industry, together with the great potential effects upon production in agriculture, make it highly essential that effective administration of the Act be maintained.

Plan of Work: To determine whether insecticides and fungicides are in compliance with the Act, samples are taken from interstate or import shipments and subjected to thorough analyses and tests. Where violations are found, appropriate disciplinary action is taken.

The program to prevent violations, recently inaugurated, is popular with the trade associations and needs implementation in order to supplement the enforcement work under the Act. Through it manufacturers and distributors are encouraged to submit for an opinion as to legality, proposed labels and formulas before placing their

products on the market. The preventative program, however, hinges upon giving the industry prompt and efficient service in action upon the labels voluntarily submitted. If this work is not carried out, the number of violations will materially increase, possibly doubling. With continued success in correction of the labels, there should be little, if any, actual increase in violations, and changes in the insecticide industry would be accomplished without major losses to users of insecticides.

Samples of insecticides and fungicides shipped in interstate commerce are collected by inspectors. At the same time proof of the shipment is obtained for possible use as supporting evidence in court. The samples are analyzed in the chemical laboratories. Insecticides are referred to the entomologist, and tests are made to determine their effectiveness against insect pests. Plant fungicides are considered by the plant pathologist, and, when necessary, tests against plant diseases are made. Disinfectants are tested in the bacteriological laboratories to determine effectiveness against disease germs. If on the basis of all of these tests it is determined that the labeling fails to comply with the requirements of the Act, disciplinary action as provided by law is taken.

Provision must also be made for additional work on chemical problems and testing methods. The new insecticides and fungicides that are now coming on the market cannot be analyzed by available methods. It is necessary to develop new methods which will determine these ingredients before the chemists can analyze commercial products or the entomologists and plant pathologists can be in a position to pass on claims made on the labels. Likewise, the new insecticides and fungicides act differently from the old line products, and new methods for testing them must be developed. For example, DDT is much slower in killing action since to be effective it frequently depends upon contact with residues left on surfaces. The methods now used for testing fly sprays are not applicable to such a product.

Progress and Examples of Current Programs: Some insecticide manufacturers have always submitted proposed labels for comment as to legality before putting their products on the market. However, this has not been a general practice. During 1945 approximately 1200 labels were submitted for review. As a result of the release of DDT in August 1945 an enormous number of new products came on the market, and it appeared that most effective administration of the Act in the prevention of misbranding could be done by informing manufacturers as to acceptable labeling.

A trade notice was issued to manufacturers of insecticides and fungicides inviting them to submit their proposed labels for new products for comment as to their legality. To aid them in preparing labels which would truthfully describe the properties of the product, a trade notice on acceptable labeling for preparations containing DDT was issued on September 1, 1945. As a result of this invitation and of the explanatory matter issued, a large number of

labels have been submitted. A review of the first thousand indicated approximately the following:

(a) 90% would have been in violation of the law if found in interstate commerce;

(b) 75% were misleading in that they implied that the product contained more of some particular ingredient than was actually the case;

(c) 75% had inadequate directions for use which, if followed, would not have resulted in control of the insects for which the product was intended;

(d) 40% contained recommendations for use against insects which the product would not control;

(e) 40% failed to comply with the ingredient statement requirements of the Act;

(f) Many labels bore broad and exaggerated claims.

In many cases the labeling was readily corrected by the manufacturer, thus saving the Government the additional expense of further action.

Analysis of Samples: In the administration of the Insecticide Act during the past year, tests and reports were made on 1,937 official samples of which 430 failed to comply with the requirements of the Act. The violations in the case of 370, or about 19 percent of those reported, were of sufficiently serious nature to justify action as provided by law, while the violations in 60 instances were of less serious nature and were adjusted through correspondence with manufacturers. The tests of 162 other products were not sufficiently conclusive to warrant action, and additional tests are being carried out to establish their status under the law. Of all the samples tested, 509, or about 26 percent were new to our records.

Seizures and Prosecutions: During the past year, 16 seizures of products sold by 16 different manufacturers were initiated. In addition, 27 criminal action cases, involving 24 products and 13 different manufacturers were submitted to the Solicitor's Office for prosecution under the criminal provision of the Act.

Thirty-one criminal action cases covering 28 different products distributed by 18 manufacturers were adjudicated during the year and terminated in favor of the Government. The following table shows the type of samples analyzed and their disposition:

Enforcement Activities, Fiscal Years 1943-1947

Fiscal Year	Products on the Market	Official Samples Collected			Violations	Action Taken		
		New Products	Old Products	Total	Misbranded and or Adulterated Products	Citations	Seizures	Prosecutions
1943	15,000	410	1,742	2,152	417	327	21	48
1944	15,000	441	1,565	2,006	395	336	14	45
1945	15,000	509	1,428	1,937	430	363	16	27
*1946	16,000	1,000	1,000	2,000	470	350	15	30
*1947	20,000	1,000	1,250	2,250	470	350	15	30

* Estimated

Analysis and Tests: Due to the shortage in various basic raw materials and the consequent substitution of new ingredients by manufacturers, the work under Act has increased in developing methods for testing. A lamp method for the gravimetric determination of sulfur in spray oils was tested and found satisfactory. Toluene was found to be a better distilling medium than xylene. Quantitative and qualitative methods were devised for determining dinitro anisole in insecticidal dusts.

Entomological Tests: The household insecticides tested were mainly products used for controlling roaches and water bugs, with a smaller number of products for controlling clothes moths, carpet beetles, ants, and mosquitoes. There has been a marked substitution of materials used in products for destroying fleas and lice, and these are effective if sufficient toxicants are used in the powder. Newly devised methods of culturing bedbugs and house flies have been used to good advantage in coordinating standardized methods of testing products directed against these pests, and extensive field tests are being conducted for effectiveness of new products.

Fungicidal Tests: Fungicides are under test against one or more diseases of over 20 food crops and ornamental plants. Tests were continued with copper compounds, and greenhouse tests on fungicides for seeds and soils were conducted.

Bacteriological Tests: Examination and evaluation of disinfectants during the past year continued to become more exacting and difficult. This is due to the growing proportion of synthetic germicides on the market. To overcome the disadvantage of inconsistent results, more investigational work had to be done especially since adequate testing methods are not available for such preparations.

Study of the methods of testing compounds for combatting fungi causing "athlete's foot" was continued in collaboration with the National Institute of Health.

Miscellaneous Activities: A considerable number of chemical analyses and related work was done for other Government agencies including Lend-Lease, Navy Department, Bureau of Prisons, District Government and the Architect of the Capitol.

(y) Commodity Exchange Act

Appropriation Act, 1946		$300,000
Anticipated supplemental due to the Federal Employees Pay Act of 1945		+41,500
Total anticipated available, 1946		341,500
Budget estimate, 1947		645,000
Change for 1947:		
Overtime decrease	-5,720	
Increase	+309,220	+303,500

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Licensing	$27,400	$31,300	$31,500	+$200 (1)
2. Supervision of trading	175,295	197,380	292,940	+95,560 (2)
3. Audits	36,000	41,100	126,360	+85,260 (3)
4. Compliance investigations	58,570	66,000	194,200	+128,200 (4)
5. Overtime pay	42,594	5,720	- -	-5,720
Covered into the Treasury as miscellaneous receipts, Public Law 529	309	- -	- -	- -
Unobligated balance	8,629	- -	- -	- -
Total available	348,797	341,500	645,000	+303,500
Anticipated supplemental	- -	-41,500	- -	
Total estimate or appropriation	348,797	300,000	645,000	

INCREASES OR DECREASES

The net increase of $303,500 in this item for 1947 consists of the $5,720 decrease for overtime, and the following:

(1) An increase of $200 under the project "Licensing" for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

(2) An increase of $95,560 under the project "Supervision of trading", composed of:

(a) An increase of $94,314 for necessary supervision of trading on the commodity futures markets:

Objective: To aid the orderly distribution of agricultural products by more adequate supervision of futures trading on contract markets.

The Problem and its Significance: The commodity futures markets are returning to their normal place in the distribution of agricultural products as price-control and procurement programs are being discontinued or modified. During the past four fiscal years the regulatory activities

under the Commodity Exchange Act have been sharply curtailed by reductions of funds. Today less than half the work is being done that was considered necessary during the fiscal year 1942. In the meantime speculative activity has developed not only reducing the usefulness of the futures markets in their legitimate price-recording and risk-bearing functions, but causing abnormal movement of agricultural products and contributing to difficult transportation and storage conditions.

Since the end of the war, agricultural commodities are being distributed through normal commercial channels in greater volume. This means that the organized futures exchanges are again of large importance in orderly marketing. Undoubtedly the distribution of surpluses will again become a problem. The preservation of the marketing machinery and the suppression of undesirable speculative practices is necessary if this machinery is to resume its normal peacetime functions.

Plan of Work: The budget increase in 1947 would permit a resumption of market surveillance to detect and deal with undesirable speculative activities. Regular reports from exchange members and large traders will be required in volume sufficient to give a true picture of the character of the market. It is estimated that the volume of such reports will reach 500,000 in 1947 compared with less than 400,000 in 1945.

Such preventive work as the review of market letters to prevent the circulation of false or misleading crop and market information, the analyses of cash commodity transactions; and the observance of floor trading, suspended during the war because of lack of funds would be resumed and intensified so that abusive practices will not develop as speculative activity increases.

(b) An increase of $1,246 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

(3) An increase of $85,260 under the project "Audits", composed of:

(a) An increase of $85,018 for audit of customers' segregated funds:

Objective: To safeguard and prevent the misuse of customers' funds by making sufficiently frequent and complete audits of brokers' records.

The Problem and its Significance: Funds deposited with brokers by merchants, processors, producers' marketing associations and other traders in commodity futures, and funds left in their accounts as a result of transactions, amount in the aggregate to large figures. Since the enactment of the Commodity Exchange Act amendments in 1936, it has been a responsibility of the Department of Agriculture to take all possible steps to see that these funds are kept separate from the brokers' own money and are treated as belonging to and for the sole benefit of the customers. Since 1942 it has been possible to make

audits only infrequently, many of them of a "spot check" character. The beneficial results of careful supervision in earlier years should not be permitted to be lost by a long period of curtailed supervision. It is considered imperative that full and complete audits be resumed with sufficient frequency to assure compliance with the segregation provisions of the law.

The practices which were observed prior to 1936 under which brokers felt free to use customers' funds as their own resulted in heavy losses to the public and contributed to abuses through speculative activity which the brokers financed with their customers' funds. Under present day conditions such speculative practices would contribute to inflationary trends.

Plan of Work: In recent years it has been necessary to limit audits to the larger firms. The budget increase will permit the addition of sufficient personnel to examine the records of all registered brokerage firms at least once during the fiscal year and to analyze the financial statements which applicants for registration are required to submit.

(b) An increase of $242 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

(4) An increase of $128,200 under the project "Compliance investigations", composed of:

(a) An increase of $127,778 to provide for investigations of complaints and violations and the holding of hearings:

Objective: To detect and prevent violations of the Act through trade practice surveys and by making investigations of complaints.

The Problem and its Significance: Trading techniques on the commodity futures markets are of a highly intricate character and lend themselves to many abuses such as bucketing, wash sales, and tax evasion schemes. Many such abuses have been discovered and dealt with during past years, but it has been found that when one means of abuse has been eliminated other techniques are developed to attain the same end. The curtailment of investigative work which has been necessitated during recent fiscal years has in all probability been accompanied by an increase of irregular and undesirable practices. These practices, while sometimes revealed by customers' complaints, can usually only be brought to light through continuing and systematic investigation and the examination of records by accountants and investigators thoroughly familiar with futures trading methods.

The futures markets cannot fulfill their normal function in the marketing of agricultural products if abusive practices are permitted to develop. Experience has shown that constant surveillance is necessary to prevent these abuses.

Plan of Work: About 20 investigators would be added to the staff to make more frequent examinations of trading records. When abuses are discovered, evidence will be gathered in cooperation with the Solicitor's Office in proper form for presentation in administrative hearings or court proceedings. The preparation and presentation of such evidence requires the employment of investigators who are familiar with legal proceedings as well as with market practices.

(b) An increase of $422 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: Effective administration of the Commodity Exchange Act to

1. Prevent price manipulation and corners on commodity exchanges.

2. Prevent dissemination of false and misleading crop and market information to influence prices.

3. Protect hedgers and other users of the futures markets against cheating, fraud, and manipulative practices.

4. Insure the benefits or membership privileges on contract markets to cooperative associations of producers.

5. Insure trust-fund treatment of margin moneys and equities of hedgers and other traders, and prevent the misuse of such funds by brokers.

6. Provide public information regarding trading operations.

The Problem and its Significance: The commodity exchanges play an important part in the marketing and distribution of agricultural products. Although the exchanges themselves are not engaged in buying or selling commodities, they provide the market place and make the rules governing trading in millions of tons annually of grains, fibers, fats, foods, and feeds. The futures markets furnish hedging services, a special kind of insurance against the hazards of price fluctuations. This finds wide use by dealers, processors, and cooperative marketing associations. Without it, distributors would be required to exact larger handling charges and thus increase marketing costs. To a large extent futures prices are used as base prices for the purchase and sale of actual commodities by grade, location, and time of shipment. Futures prices are disseminated quickly and widely by telegraph and radio and provide farmers, dealers, and merchandisers a ready measure of current prices.

The futures markets are peculiarly sensitive to influences of every kind affecting price. At times they forecast the effect of events long in advance of the actual impact upon supply and demand conditions. Because of their sensitive responses, futures markets are susceptible to manipulation and abuse. The conditions under which trading must be conducted to facilitate speedy execution of orders lend themselves to cheating and sharp practices not easily discoverable by the victims of these practices. Clearing house margins are smaller than customer margins and are adjusted to the market daily, which frequently results in clearing-member firms holding vast sums of money representing customers' margins and equities. The temptation ever present is to use such funds to finance the firm's own operations or the operations of favored large-trader customers. The public interest, therefore, requires that these

markets operate under close scrutiny in order that they may serve their legitimate functions in marketing.

Plan of Work: Under the terms of the Commodity Exchange Act, exchanges desiring to conduct futures markets must qualify for designation by the Secretary of Agriculture as contract markets. Registration as a condition for doing business is required annually of commission merchants and floor brokers handling futures transactions.

Clearing firms of contract markets report daily the volume of trading in various futures and also the amount of open contracts outstanding in such futures. These data are compiled and released daily to the public so that all may have the benefit of the same information. The data serve also to indicate unusual activity on the part of individual firms, and enable supervisors to narrow their search for possible manipulative trading.

Individual traders are also required to report their trades and the size of their commitments when they equal or exceed certain limits fixed by regulation. Speculative trading limits are fixed from time to time upon the size of speculative positions that may be held or controlled by any individual or firm, and upon the amount of speculative trading individuals and firms may do during any one business day. This prevents large operators from assuming positions or dealing in quantities which in themselves have disrupting market effects. Reports are scrutinized for indications of possible manipulative tendencies on the part of traders. Periodic audits are conducted of the books and records of registered futures commission merchants to see that margin moneys and equities of hedgers and other customers are segregated and not commingled with capital funds or used to extend credit to persons other than the owners. Periodic surveys or spot checks are required to insure compliance with the provisions of law against cheating and fraudulent practices.

Complaints are investigated. Persons and firms found to be violating provisions of the Act or the regulations are cited for administrative hearings or are referred for criminal action, as the case may require. Administrative action takes the form of denial of trading privileges on all contract markets or suspension or revocation of the offender's registration. Criminal proceedings lead to the imposition of fines or imprisonment, or both.

Progress and Current Programs: A tabulation is included at the end of this section showing the costs of administration of the Commodity Exchange Act from 1941 through 1945 and estimated costs for 1946 and 1947. The man-years for each activity and data on the volume

of work handled are indicated wherever possible. 1/ The following paragraphs describing the work performed under the Act are keyed to activity group numbers on the Statement of Activities Relating to Administration of the Commodity Exchange Act appearing at the end hereof.

1. Licensing: The work of registering futures commission merchants and floor brokers and of reviewing exchange rules remains relatively constant from year to year. During 1945, 466 floor brokers and 542 futures commission merchants with 1,459 offices were registered at a cost of approximately $16,000. This cost was substantially offset by registration fees of $12,422 which were collected and deposited to the Miscellaneous Receipts account of the Treasury.

2. Supervision of Trading: Trading in 16 commodities on 15 contract markets was supervised during 1945. Three hundred ninety-six thousand reports on volume of trading, open contracts, and deliveries, required to be filed by exchange members and large traders, were tabulated and reviewed--a necessary first step in market surveillance. Based upon these reports, figures on total volume and open contracts were released to the public daily. The cost of this phase of the work has remained substantially unchanged since 1941. The review of market letters to prevent dissemination of false and misleading crop and market information, the examination of cash commodity transactions and observance of floor trading were suspended during the war years. There is every indication of increased speculative activity in 1947. Reinstatement of this work is essential to adequate administration of the Act and to protect farmers against abusive market practices.

3. Audits: Accounting examinations of brokerage firms registered as futures commission merchants are made to determine whether customers' funds are properly segregated and separately accounted for as required by the Act. In 1945, 101 audits and 72 surveys of a restricted audit scope were made. With the funds available with which to conduct the program in 1945, less than one-third of the 542 futures commission merchants could be covered. In 1941 and 1942 when approximately 900 audits were made in each year, both small and large firms were included. However, since 1942, it has been necessary to limit the audit program principally to the larger firms. It is essential to the public interest to audit annually all registered brokerage firms. Such firms hold large sums of money belonging to producers, dealers, cooperative associations and other customers. Under the Act these funds must be treated as trust funds. The inadequacy of the present audit program has resulted in many deviations from required segregation procedure.

1/ During the fiscal year 1941 detailed records were maintained showing the actual time spent and cost of the various classes of work of the Commodity Exchange Authority. The distribution for subsequent years is based on analyses of payrolls and figures prepared in connection with budget presentation. While all cost distribution records necessarily contain some element of estimate, it is believed that the figures shown give a fair picture of the work distribution in connection with the administration of the Act.

4. Compliance Investigations: In fiscal years 1941, 1942, and 1943 trade practice surveys were conducted, principally in wheat, corn and cotton, and covered from 1 to 3-1/2 percent of the transactions in these commodities. These surveys involved examination of approximately 62,000 individual trades in 1941, 46,000 in 1942 and 20,000 in 1943 and, due to lack of funds, were discontinued at the close of 1943. The examinations uncovered a very large number of irregularities involving bucketing, wash trading, cross trading and the like. Among the motives for such transactions are the cheating of customers through execution of orders at incorrect prices and the creation of a fictiticus volume of trading. Fictitious trades are also made to create the appearance of losses for tax evasion purposes. Cases of the latter type are brought to the attention of the Bureau of Internal Revenue.

Interviews with the brokers involved and exchange officials indicated that some of the irregular practices disclosed by the surveys, and involving a very substantial percentage of the floor brokers on certain markets, were of long standing and regarded as accepted trade procedure. Remedial measures were taken to prevent the recurrence of the large number of these irregularities which were not made the subject of formal action. Special committees were set up and more rigid rules were promulgated by the exchanges to stamp out the abuses. In four cases of flagrant violation of the Commodity Exchange Act, after hearing, the persons involved were denied trading privileges on contract markets. The suspension of surveys of this type has made it impossible to ascertain whether the preventive measures taken were effective or whether the irregularities are continuing in the same or in more concealed forms. Trade practice surveys have a most wholesome effect in preventing the occurrence of violations and are an essential part of the enforcement work under the Act since they bring to light violations that can be detected in no other way.

Investigation of complaints and violations is necessarily a continuing function, and expenditures have remained relatively constant over the period of years since 1941. In 1945, investigations in connection with the rye futures market in Chicago resulted in the issuance of a complaint charging General Foods Corporation, Daniel F. Rice and Co., and others with manipulation and cornering of rye. Early in the 1946 fiscal year, a complaint was issued charging Glenn L. Martin and Henry L. T. Ullrich with exceeding the daily speculative trading limit in rye futures. Hearings in both cases are pending. Preparations were also under way at the close of fiscal year 1945 for a hearing before the Commodity Exchange Commission on speculative limits in rye. Subsequently, on November 23, 1945, the Commission ordered a reduction in the limits from 2 million bushels to 500,000 bushels.

5. Analysis and Appraisal of Futures Trading, Cash-Futures Relationships and Price Movements: Another activity which was suspended three years ago due to the lack of operating funds is the analysis of exchange practices and operations and their effect

upon marketing conditions and upon farm and market prices. Such regulatory analyses are important in the proper administration of the Act to determine whether price movements are the result of manipulation or excessive speculation. These technical analyses also provide guides and standards for general enforcement policies.

Statement of Activities Relating to Administration of the Commodity Exchange Act
Fiscal Years 1941 to 1947

	1941[1]	1942[2]	1943[2]	1944[2]	1945[2]	1946[3]	1947[3]
1. Licensing:							
a. Registration of futures commission merchants and floor brokers							
Number of registrants	1,372	1,354	1,032	973	1,008	1,100	1,200
Man-years work required	5	6	5	5	5	5	5
Cost	$15,200	$20,507	$18,000	$16,000	$16,000	$16,565	$16,500
b. Contract market designation (review of exchange rules)							
Number of contract markets	18	18	18	18	18	18	18
Man-years work required	5	5	4	4	4	4	4
Cost	$14,555	$14,559	$14,000	$15,000	$15,000	$15,250	$15,000
Total: Man-years	10	11	9	9	9	9	9
Total: Cost	$29,755	$35,066	$32,000	$31,000	$31,000	$31,815	$31,500
2. Supervision of trading:							
a. Tabulation and review of reports from exchange members and large traders							
Number of reports	527,000	510,000	482,000	442,000	396,000	400,000	500,000
Man-years work required	70	69	50	51	52	47	58
Cost	$183,367	$195,406	$181,940	$185,000	$191,500	$181,740	$208,000
b. Establishment and enforcement of speculative limits, activities with control committees of contract markets and quotations service							
Man-years work required	8	10	4	4	4	5	7
Cost	$ 20,496	$ 28,223	$ 15,000	$ 15,000	$ 14,500	$ 19,015	$ 23,000

	1941[1]	1942[2]	1943[2]	1944[2]	1945[2]	1946[3]	1947[3]
c. Prevention of false or misleading crop or market information, analyses of cash commodity transactions and observance of floor trading							
Man-years work required	20	16	3	1	--	--	18
Cost	$ 55,185	$ 47,640	$ 10,304	$ 5,000	--	--	$ 61,940
Total: Man-years	98	95	57	56	56	52	83
Total: Cost	$259,048	$271,269	$207,244	$205,000	$206,000	$200,755	$292,940
3. Audits:							
Number of audits	986	876	695	217	173	160	585
Man-years work required	34	30	21	9	11	10	31
Cost	$134,081	$113,847	$ 82,000	$ 40,000	$ 46,000	$ 41,785	$126,360
4. Compliance investigations:							
a. Trade practice surveys							
Number of transactions examined in terms of trading units	62,398	46,000	20,000	--	--	--	250,000
Man-years work required	7	8	4	--	--	--	23
Cost	$ 31,426	$ 35,000	$ 15,000	--	--	--	$118,200
b. Investigation of violations and complaints and holding of hearings							
Man-years work required	13	20	19	15	14	15	15
Cost	$ 46,377	$ 76,622	$ 74,783	$ 67,581	$ 65,797	$ 67,145	$ 76,000
Total: Man-years	20	28	23	15	14	15	38
Total: Cost	$ 77,803	$111,622	$ 89,783	$ 67,581	$ 65,797	$ 67,145	$194,200

	1941 1/	1942 2/	1943 2/	1944 2/	1945 2/	1946 3/	1947 3/
5. Analysis and appraisal of futures trading, cash-futures relationships and price movements:							
Man-years work required	41	32	20	1	--	--	--
Cost	$114,313	$100,961	$ 58,560	$ 5,000	$ --	$ --	$ --
Total, all activities							
Man-years	203	196	130	90	90	86	161
Cost	$615,000	$632,765	$469,587 4/	$348,581 5/	$348,797 6/	$341,500 7/	$645,000

1/ Data for 1941 from cost and time records maintained during that year.
2/ Distribution for 1942 to 1945 based on budget estimates and payroll analyses.
3/ Data for 1946 and 1947 estimated.
4/ Includes $28,620 overtime costs which were absorbed.
5/ Includes $48,531 provided for overtime.
6/ Includes $48,797 provided for overtime.
7/ Includes $ 5,720 provided for overtime.

(z) Freight Rates for Farm Products

Appropriation Act, 1946		$84,200
Anticipated supplemental due to the Federal Employees Pay Act of 1945		12,000
Total anticipated available, 1946		96,200
Budget estimate, 1947		123,000
Change for 1947:		
Overtime decrease	-$1,435	
Increase	+28,235	+26,800

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Freight rates for farm products	$66,882	$94,765	$123,000	+$28,235(1)
2. Overtime pay	8,564	1,435	- -	-1,435
Covered into Treasury as miscellaneous receipts, Public Law 529	30	- -	- -	- -
Unobligated balance	3,286	- -	- -	- -
Total available	78,762	96,200	123,000	+26,800
Anticipated deficiency, 1946	- -	-12,000	- -	
Total estimate or appropriation	78,762	84,200	123,000	

INCREASES OR DECREASES

The net increase of $26,800 in this item for 1947 consists of the $1,435 decrease for overtime, and the following:

(1) An increase of $28,235 composed of:

(a) An increase of $26,985 for investigation of motortruck transportation rates and services, analyses of carriers' financial status, and other related work.

Objective: (a) To increase the net income of farmers through the assurance of reasonable transportation charges and to preserve the flexibility and usefulness of the motortruck in the transportation of farm products. (b) To investigate financial returns of carriers from particular operations; develop costs of operation of rail, water, and motor carriers; develop and present evidence on these features; and rebut opposing evidence of carriers in cases before the Interstate Commerce Commission.

The Problem and its Significance:

(a) Motortruck transportation. During the past five years, through adjustments of railroad freight rates under this Act more than 600 million dollars have been saved in railroad freight charges, but this activity has been exclusively in the railroad field. Tremendous quantities of farm products move by motortruck. Nearly half the receipts of fruits and vegetables at 40 of the largest terminal markets are brought by truck. Ninety-eight percent of the live poultry and 66 percent of the eggs received in 16 large cities are transported by truck. At 68 public stockyards 69 percent of the cattle and 70 percent of the hogs arrive by truck. Reasonable rates and satisfactory service by trucks are of great importance to farmers in the marketing of their products.

In recent years there has been a definite trend toward increasing motor freight charges, and an even more dangerous trend in many places toward hamstringing truck transportation and eliminating its flexibility so as to protect the railroads and thereby hinder farmers in the marketing of their products. Much of the motortruck legislation has been designed to stop the growth of that method of transportation. Combinations are being formed to restrict truck competition. Regulations have been prescribed which prevent economical operation of trucks hauling farm products. Trucks have opened up new markets for farmers and have brought drastic changes in the marketing system and, in effect, have brought the farmer and his market closer together. The advantages of this system must be preserved.

It is proposed to prevent unreasonable increases in trucking charges, oppose undesirable regulations of trucking, combat the formation of combinations for the purpose of restricting competition, obtain satisfactory and responsible trucking service, and take all action necessary to preserve economical operation of trucks in that part of the transportation field for which they are best suited.

(b) Analyses of financial status of carriers and costs of transportation. In actions involving rate increases, abandonment of lines, etc., the financial position of the carrier or the monetary results of the operation are important factors determining the decision reached by the regulatory bodies. The financial testimony and exhibits of the carriers are practically immune from contradiction and rebuttal because shippers of the products and farm organizations are seldom able to refute the carriers' presentations, and the Department has not had the funds to employ accounting assistants competent of analyzing financial statements. If the financial testimony of the carriers stands unchallenged in the records, the regulatory agencies can only assume that it is correct.

The seriousness of this defect in our transportation work is illustrated by a recent case initiated by the Department to remove a $5 per car rental charge for the use of refrigerator cars in shipping potatoes. Although the Department had an excellent case, and about a quarter of a million dollars a year to shippers was involved, it was necessary to ask for an adjournment of the hearing because we had no one capable of refuting financial exhibits introduced by the carriers. This deficiency is serious and should be corrected.

Following the war, with declining traffic volume, carriers' revenues are expected to undergo substantial reductions, which will bring pressure to increase freight rates on farm products. The recent general reduction in class rates may lead to attempts to obtain compensatory increases in commodity rates, upon which the most important farm products move. The Department will not be able fully to protect the interest of farmers in these rate adjustments without competent accounting assistants to challenge the testimony of the carriers.

Plan of Work: A motortruck specialist would conduct work in the motor transportation field with the assistance of two helpers. He would investigate rates and services, existing and proposed regulations, actions to eliminate competition, and similar subjects, and on the basis of his findings appropriate action will be taken with the carriers, the rate-making bureaus, the regulatory bodies, and, if necessary, in the courts. A cost accountant, trained in the analysis of carriers' financial statements, would assist in the preparation and handling of all actions involving carriers' financial condition or operating costs. A rate clerk would be employed to compile and tabulate rates needed for analyses of problems and preparation of exhibits to be used in the presentation of cases.

(b) An increase of $1,250 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

WORK UNDER THIS APPROPRIATION

Objective: To increase the net income of farmers and expand the outlets for their products through the assurance of reasonable transportation charges on farm products.

The Problem and its Significance: Transportation charges make up the most important part of the cost of moving farm products to market, and inequitable charges or inadequate services are a hindrance to farmers in the marketing of their products. The transportation field is highly technical and trained specialists are required to obtain rate adjustments. In few cases can individual farmers or farm cooperatives employ the necessary technical assistance to analyze their transportation problems and adequately present their case before the Interstate Commerce Commission and other regulatory bodies on such problems as freight rates, charges, tariffs, and practices. On the other hand, the carriers with their highly paid, permanently employed specialists are constantly in a position to make excellent cases before all regulatory bodies for higher rates and charges or against any reduction in such charges. To combat this constant pressure by the carriers for higher rates and adequately present to the Interstate Commerce Commission and other regulatory bodies the case for the farmer is a function assigned to the Department of Agriculture and conducted under this appropriation.

General Plan: The transportation rate and traffic work is accomplished through both formal and informal proceedings with the railroads and rate-making bureaus in obtaining new rates, rate adjustments, transit arrangements, etc. Persons familiar with both transportation and marketing watch developments closely to determine whether adjustments should be made in rates pursuant to shifts and changes in the volume of goods, competitive situations, and new systems of marketing. Constant surveys of tariffs and transportation practices are being made; close relationships are maintained with producers' and trade groups in all parts of the country; and data are prepared on agricultural transportation problems for presentation before the Interstate Commerce Commission, the Maritime Commission, and related State and Federal agencies.

Progress and Examples of Current Programs: Rate adjustments completed during 1945 ranged from reductions in rates on particular commodities between specified points to adjustments that covered the entire country on groups of commodities. Actions taken have benefited every farm product, and farmers and consumers in each State of the country were assisted by an average of 32 separate rate adjustments. While most of the savings accomplished through lower freight rates went to farmers and the public, several million dollars were saved by Government agencies.

Rate actions in which the Department participated last year cost $78,762. The savings during the year in charges for transporting

farm and food products brought about by actions taken solely or partly by the Department are estimated to be about $175,000,000. Cumulative savings aggregating about $640,000,000 are a result of the services rendered under this appropriation since its inception in the fiscal year 1940. The total cost has been $389,732. For every dollar of appropriated funds spent under this item since the Act was passed nearly $1,650 has been saved to farmers.

The following table shows an itemization of cumulative savings to farmers as a result of work under this appropriation:

Commodity and/or type of action	Estimated Savings Fiscal Year 1945	Cumulative Savings Through 1945
Apples: Pacific coast to East...	--	$1,560,000
Butter: Portland, Oreg., to Calif.	$6,000	27,000
Canned goods:		
Florida to Pacific coast.....	42,000	149,000
Texas to East.....	54,000	135,000
Cheese: Pacific coast to East...	7,000	38,500
Citrus fruits:		
Increase in Estimated Weights.	8,250,000	45,375,000
Cotton:		
Calif.-Ariz. to Southeast, Northeast, Canada.....	63,750	2,263,020
Southwest to Ala. and Ga.....	14,300	57,150
Southwest to Southeast and East	6,000,000	27,128,850
Southwest to Virginia.....	3,000	7,005
Truck rates in No. Carolina...	8,000	12,000
Cotton-bale covering general adjustments.....	27,840	83,520
Eggs:		
Maine to Boston, Mass.....	21,000	73,500
Pacific coast to East.....	25,000	112,500
Fertilizer: Canada to Southeast.	3,000,000	6,000,000
Fresh fruits and vegetables:		
Defeat of proposed increase in charges for ice in Calif....	650,000	1,666,346
Frozen foods:		
Defeated proposed increase in refrigeration charges.....	240,000	555,000
Pacific coast to East.....	4,200	14,700
Frozen meat:		
Saved to War Food Administration by eliminating refreezing at ports.....	4,375,000	8,412,500
Flaxseed: Chicago to East.....	30,000	105,000
Fruit and vegetable containers:		
Used and returned.....	400,000	950,000

Commodity and/or type of action	Estimated Savings Fiscal Year 1945	Cumulative Savings Through 1945
Grain:		
Bulk-heading charge in West and Southwest	150,000	675,000
Cross-town switching charges at Kansas City, Mo	2,121	7,423
Ex-Illinois River to East	493,304	2,209,868
Grain (Government owned):		
Transit rules at Ohio River points	8,000	15,300
Government export freight:		
Adjusted rates	3,000,000	7,000,000
Hay: Nevada to Oregon	--	1,100
Limestone: Between all points in U.S. suspension 3% increase	675,000	2,363,575
Liming materials:		
In official territory	13,983,580	42,950,743
Live poultry: Free return of caretakers in eastern territory	118,600	533,700
Livestock:		
Loading and unloading charges at Chicago	189,635	568,905
Loading and unloading charges at Cleveland	8,000	8,000
Pickup in Ill., Iowa, Wisc	180,000	880,000
Rates in western district	500,000	1,916,000
To, from and within the South	180,000	362,500
Livestock exhibition:		
Increased rates defeated	--	45,000
Motor carrier rates (includes all freight, all agricultural commodities):		
General rate increases	49,533,800	123,834,500
Oil, soybean and corn:		
Increased rates postponed until August 15, 1945	1,239,000	3,097,500
Onions: Texas to Southeast	15,000	52,500
Peaches: No. Carolina to U. S	3,000	4,500
Phosphate rock:		
Fla. to Ky. and Mo	55,029	82,544
Pineapples, domestic:		
Fla. to United States	7,000	31,500
Potatoes:		
Maine to East and South	100,000	550,000
Maine to South	--	120,000
Rice:		
Southwest to Florida ports	512,000	1,792,000
Southwest to Northeast via Gulf Ports	--	72,187

Commodity and/or type of action	Estimated Savings Fiscal Year 1945	Cumulative Savings Through 1945
Sugar:		
Defeated cancellation transit privileges	2,800,000	8,411,282
Superphosphate:		
Proposed change in classification defeated	1,522,500	2,283,750
Terminal charges: Pacific coast ports	700,000	1,750,000
Vegetables:		
Idaho and Oregon to East	30,000	135,000
Idaho and Oregon to South	39,200	176,400
Texas to North and East	480,000	1,680,000
Vegetables, mixed cars:		
Texas to Northeast	50,000	125,000
Vegetable oils, imported:		
Suspension of increased rates for Commodity Credit Corporation	362,860	1,269,975
Vinegar: No. Carolina to South	780	1,950
Watermelons:		
Loading rules in South	65,000	357,500
Wharfage charges: California ports	97,000	118,500
Wool:		
New Mexico to Boston	36,333	117,166
Oregon and Washington to Boston	73,500	256,750
All commodities: Transit at Gulf ports when forwarded by water	555,344	1,077,672
All agricultural commodities: 3% increase suspended	75,000,000	187,500,000
Total	175,986,676	489,160,881

In addition to the savings listed above, there were some 100 other actions during 1944-45 and many others in previous years, the financial benefits of which cannot be accurately estimated. Examples illustrative of such actions are:

Potatoes, Maine, storage and grading in transit.
Eggs, drying in transit at some 25 points.
Canned goods, Pacific Coast, storage and labeling in transit.
Grain, storage in transit at Nebraska points (1941 emergency).
Livestock, diversion and reconsignment in western territory.
Grain, reduced charges for inspection in transit.
Soybeans, milling in transit in southeast and southwest.

The combined savings for all these actions would amount to at least $150,000,000 since the start of the work under this appropriation, bringing the total estimated savings to about $640,000,000.

Fifty-two proposed abandonments of railroad lines were carefully studied to determine whether or not their effect would be harmful to the handling of farm products. Abandonment of seven branch lines totaling 213.6 miles was prevented.

Specific examples of accomplishments for the benefit of agricultural producers during the fiscal year 1945 are:

1. At the request of the Department the Interstate Commerce Commission has inaugurated a general investigation of wool and mohair freight rates, with hearings to begin in Chicago on February 13, 1946. Preparatory to requesting the Commission to launch this investigation of the entire freight rate structure on these commodities, extensive studies were conducted and determinations made that wool freight rates are definitely too high and that many inequities exist. To support this position we have compiled numerous exhibits and prepared testimony of more than 100 pages to introduce into the record. In the preparation of this case we have obtained support from the Public Utilities Commissions, wool growers and wool marketing organizations in 27 States, all of whom will introduce themselves at the hearings to be held in six different parts of the country. This general investigation is one of the most important cases in which we have participated. It is the result of a great deal of research and study and if we are successful in our efforts to have the wool freight rate structure revised, there will be tremendous benefits to wool growers throughout the Nation. Of course the financial gains which will accrue from this work cannot be determined until the Commission hands down its decision.

2. For a number of years railroads have published commodity rates on fresh vegetables from Pittsburgh, Pa., Chicopee, Mass., and Fort Scott, Kansas, to destinations north and west. Although very few fresh vegetables originate at these points, the commodity rates are used in constructing combination rates on fresh vegetables in Texas.

The railroads proposed to cancel the published commodity rates from these three points which would materially increase the through rates from Texas to many points. Cooperating with Texas producers, shippers and trade organizations, this adjustment was vigorously opposed, and it was finally discussed with the carriers at a public hearing. As a result of this public discussion and after careful and thorough consideration of the railroads involved, the subject was withdrawn and cancelled from the docket, thus permitting the lower combination rates from Texas to remain in effect.

3. In the Government soil building program there are distributed many million tons of limestone and liming material within Western

Trunk Line, Central Freight, Eastern Trunk Line, and New England territories; the commercial movement is even larger. General revisions of rates were made during the past year and equitable commodity rates were established between specific points which were much lower than those formerly obtained. It is estimated that this has resulted in annual savings of approximately $18,000,000.

4. A survey is being made of the general rate structure on livestock within and between the various rate territories. In connection with this, statistical material is being compiled for a 12-year period, showing the population, livestock production, and livestock values by States and freight rate territories, and market receipts of livestock in order that this survey may be comprehensive enough to indicate what is wrong with the livestock rate structure so that the producer may be assured of equitable transportation costs in marketing his product. The final analysis and conclusions of these intensive studies will clearly indicate any faults in the present structure and enable the Department to take appropriate action.

5. The recent dislocation of normal population centers has been felt in the transportation of dairy and poultry products as much or more than in any of the other agricultural commodities. New rates and regulations have been particularly active. During the past year several adjustments effecting changes in rates and an attempt to increase billing weights on eggs have been handled. Liberalized transit privileges on cheese and butter have been secured as well as provisions permitting additional privileges on powdered eggs, and dried and condensed milk.

The railroads, during this period, have shown greatly increased claim payments on carloads of shell eggs. Various tests, therefore, have been made with reference to the loading, transporting, and unloading of eggs. Continued efforts have been made to assist producers in the use of re-coopered wooden cases and in the use of fibre cases for storage.

A complete survey of the overhead rate structure as it is applied to dairy and poultry products is now under way. The object of this survey is to analyze thoroughly the present rates and transit privileges and to show their effect upon the marketing of these commodities.

A vast amount of interest has been generated nationally in the possibility of moving agricultural commodities by air cargo. In order to keep abreast of this possibility, considerable study has been given to the existing freight and express rates on various fresh fruits and vegetables so that at the proper time, in cooperation with the air industry, an equitable schedule of rates via air may be put into effect.

A study is now being conducted which will assist farmers in obtaining profitable distribution of surplus agricultural commodities in world markets. This study will comprehend all features of export shipping requirements, such as shippers' declarations, consular invoices, steamship conference agreements, port charges of all descriptions, differentially lower export rail freight rates, and publication of

equitable ocean freight rates from American ports to foreign ports. A survey will also be made of inter-coastal, coast-wise, Great Lakes, and inland waterways operations to move products of the farm via water routes at less transportation charges than those moving entirely by railroad, as well as to assist in bringing about proper coordination between rail and water transportation.

(aa) Salaries and Expenses, Marketing Services, Production and Marketing Administration, (Transfer from Bureau of Animal Industry)

This Budget schedule covers obligations under funds transferred from two appropriations under the item "Salaries and expenses, Bureau of Animal Industry" for functions transferred from the Bureau of Animal Industry by Executive Order 9280 of December 5, 1942 (meat inspection and enforcement of the 28-hour law). The details on these items are discussed in the explanatory notes for the Bureau of Animal Industry.

(bb) Salaries and Expenses, War Food Administration

Appropriation Act, 1946		$14,986,472
Pending rescission in H. R. 5158 (budget reserve)		-3,116,894
Total anticipated available, 1946		11,869,578
Budget estimate, 1947		- -
Change for 1947:		
Overtime decrease	-183,176	
Other decrease	-11,686,402	-11,869,578

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Food order administration	$5,283,810	$2,611,661	- -	-$2,611,661
2. Development and administration of programs in collaboration with public and private agencies and individuals to assure adequacy of facilities, storage and transportation by common carrier and other work on various food marketing problems	398,222	319,171	- -	-319,171
3. Determination of requirements, allocations, availability and distribution of food and feed supplies, and assistance in establishment and adjustment of goals and price ceilings	1,277,234	1,441,206	- -	-1,441,206
4. Distributive trades	713,610	515,090	- -	-515,090
5. Industrial feeding	407,775	329,170	- -	-329,170
6. Nutrition coordination	394,942	54,755	- -	-54,755
7. "A" Awards, fat and container salvage	285,445	228,960	- -	-228,960
8. Material and facilities for production and processing of food	951,195	479,207	- -	-479,207
9. Special services to farmers in connection with agricultural production and marketing, transportation, storage, machinery, supplies, equipment, etc.	7,608,406	4,240,630	- -	-4,240,630

(Continued on next page)

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
10. Farm wage stabilization and labor advisory activities	893,866	479,814	- -	-479,814
11. Working Fund to Office of Education (for canning centers)	1,670,000	- -	- -	- -
12. Overtime pay (including amounts applicable to allotments and transfers)	1,650,587	183,176	- -	-183,176
Unallotted reserve for contingencies, 1946	- -	50,605	- -	-50,605
Unobligated balance, 1945 ..	2,153,562	- -	- -	- -
Allotted to:				
Extension Service	+3,934,086	+129,408	- -	-129,408
Office of Secretary of Agriculture (special war food staff)	+152,070	+214,556	- -	-214,556
Transferred to:				
"Salaries and expenses, Office of Secretary of Agriculture"	+106,033	+78,420	- -	-78,420
"Salaries and expenses, Office of Solicitor, Department of Agriculture"	+189,970	+108,217	- -	-108,217
"Salaries and expenses, Office of Information, Department of Agriculture"	+266,026	+153,367	- -	-153,367
"Printing and binding, Department of Agriculture"	+85,000	+24,185	- -	-24,185
"Salaries and expenses, Bureau of Agricultural Economics," economic investigations	+103,000	+65,500	- -	-65,500
"Salaries and expenses, Bureau of Agricultural Economics," crop and livestock estimates	+149,000	+162,480	- -	-162,480
Covered into Treasury as miscellaneous receipts, Public Law 529	26,161	- -	- -	- -
Total available	28,700,000	11,869,578	- -	-11,869,578
Carried to surplus fund, Public Law 127	+2,000,000	- -	- -	
Pending rescission in H. R. 5158 (budget reserve)	- -	+3,116,894	- -	
Total estimate or appropriation	30,700,000	14,986,472	- -	

DECREASE

The decrease of $11,869,578 in this item for 1947 consists of the $183,176 decrease for overtime and a decrease of $11,686,402 since no estimate for 1947 is submitted under this appropriation. Although many activities carried on during the war and financed from this appropriation ceased after VJ-Day and others will taper off during the remainder of the fiscal year 1946, certain essential functions rendered necessary by fluctuations and adjustments in the demand and supply of certain commodities and food products will need to be continued into 1947 on a greatly reduced scale. It is proposed to provide funds in 1947 for such activities under the appropriation "Salaries and expenses, Marketing Services, Marketing Farm Products." In addition, funds are included in the 1947 estimates for the Office of the Secretary, and the administrative expense limitation for carrying out the Agricultural Conservation Program, to provide for certain functions of a permanent or recurring character which were financed from War Food funds in 1946.

CHANGES IN LANGUAGE

It is proposed to delete all the language of this item, since no estimate is submitted for 1947 under this appropriation.

WORK UNDER THIS APPROPRIATION

During the war years the demand for food far exceeded the supply. The armed services had to be fed; our allies were dependent upon our products for much of their sustenance; and American civilians, with greatly increased earnings, wanted more and better food than they previously had been able to afford. The job, therefore, was first to help farmers increase the production of food, and, second, to assure the distribution of food in the most equitable manner. Both of these presented serious and in many cases unprecedented problems, and it was to assist in overcoming these and to assure an adequate supply and efficient distribution of food to meet war and essential civilian needs that the funds under this appropriation were provided.

Statement of Activities by Projects

While no estimate is submitted for the appropriation "War Food Administration, Salaries and expenses" for the fiscal year 1947, a statement, by projects, follows to illustrate the activities conducted under this item:

1. Food Order Administration.

During the war years, War Food orders were issued to insure the availability of food supplies to high priority claimants and to provide for equitable distribution of the remainder. These orders are now being terminated or relaxed as rapidly as possible consistent with the availability of supplies and as demands become more nearly commensurate with such supplies. Serious market disruptions can readily result from dropping controls prior to the time conditions warrant such action, and the processes of reconversion may consequently be delayed.

As of June 30, 1945, 92 basic War Food orders were in effect. These were implemented by many sub-orders and directives. By the middle of December, 1945, forty of these had been terminated. In addition, the restrictive provisions of others had been relaxed. The termination of a War Food order does not at once result in the Government's having no further obligation in connection therewith. On the contrary, readjustment assistance must be given the industry, past violation cases must be followed through to proper conclusions, and steps must be taken to informally channel supplies to meet pressing demands so that reinstatement of regulations will not be necessary.

Since the supply of some commodities, among which are sugar, fats and oils, and certain imported products, will be in short supply throughout the fiscal year 1946, it will be necessary to retain orders affecting these commodities. For example, as of December 10, there were nine orders controlling fats and oils, at least six affecting sugar, four controlling particular imported items and one controlling approximately 108 imported commodities. Regulatory measures affecting many imported products are essential to the carrying out of international allocations recommended by the Combined Food Board.

In addition to the commodities listed above, we are still in a precarious supply position with relation to demand with regard to other food items. Our grain position is not yet such as to permit uncontrolled usage. It is, therefore, necessary to maintain restrictions on the volume of malt that may go into beer, on the quantity of corn and other grain that may go into beverage alcohol, and to control related aspects of grain consumption so as to assure adequate feed supplies. We are further required to restrict the usage of storage space so as to have available storage for essentials and perishables. The requirements of the military and essential relief feeding programs are still such as to necessitate regulations by way of set-asides and priority assistance to assure procurement of adequate supplies of such commodities as meat, canned fish, rice, and dried fruit.

We are also maintaining as a part of the program of the Director of Economic Stabilization a distribution economy order on bread. This order has been an important factor in preventing a rise in the price of bread and is effective in eliminating wasteful practices.

The volume of work with respect to compliance activity which is financed under this project will not lessen in the same proportion that food orders are cancelled. As of December 1, 1945 there were 195 cases pending with the Office of the Solicitor or the United States Attorney for criminal or civil action, and 993 other investigations for non-compliance were pending. The psychological effect of the cessation of hostilities upon the industry and the public generally and the accompanying tendency to "let-up" make it more necessary to enforce compliance with existing food orders to assure that food requirements are met.

2. <u>Development and administration of programs in collaboration with public and private agencies and individuals to assure adequacy of facilities, storage and transportation by common carrier and other work on various food marketing problems.</u>

Work under this project covers a wide range of activities dealing with many day-to-day problems relating to the marketing, handling, transporting, storing, processing, and packaging of food and food products. The solution to many of these problems is frequently developed in collaboration with other Government agencies, private organizations, and individuals. Despite the fact that the war is over it is expected that there will not be an immediate and substantial decline in the number and importance of the problems handled under this project. A few examples of the many problems dealt with are:

(a) To meet the unprecedented demands for ice from military establishments, hospitals, war industries, and others connected with the movement of perishable food to ports and civilian markets, and to overcome area and seasonal shortages for ice at critical points the Department has determined ice requirements and areas of greatest need, and where necessary has directed its distribution.

(b) The war brought on a tremendous increase in the production of perishable foods which must be protected by refrigeration while in transit. Despite the increase in volume to be handled, some 37,000 fewer refrigerator cars are now available than were in use 15 years ago. Collaborating with carriers and Government agencies, means were worked out by which cars were loaded more heavily, loading and unloading was expedited, and box cars and livestock cars were used to handle some commodities at certain seasons and areas where refrigeration was not required, thus permitting the movement of perishable foods during periods when the demand for refrigerator cars exceeded the supply by as much as 25,000 cars per month. The shortage of refrigerator cars during the remainder of fiscal year 1946 is expected to be greater than at any time during the past four years. For instance, in January 1946 the demand for refrigerator cars exceeded the supply by more than 40,000, 23,000 of which could not be handled by shifts to other kinds of equipment. Ways had to be found to save those 23,000 carloads of food.

(c) Due to the shortage of trucks, tires, and gasoline there has been insufficient equipment to meet all demands for motor truck transportation. In collaboration with other Government agencies the Department has done a great deal of work to determine the most essential uses of motor truck transportation and devise ways of conserving this scarce equipment. The shortage of trucks and tires will continue throughout the fiscal year 1946.

(d) Other special problems in the field of transportation which have been handled under this project included the determination of tire requirements for milk tank trucks; the determination of requirements for tank cars in which to move fats and oils; recommending to the Office of Defense Transportation safe minimum load requirements for various commodities; obtaining the necessary trucks, tires, and railroad cars to haul peaches, poultry, eggs, and other commodities in critical transportation areas; getting the necessary quantity of grain moved on the Great Lakes and regulating its flow in line with the elevator facilities' ability to handle; determination of the adequacy of transportation facilities for moving the quantity of products called for in the production goals; serving as claimant agency for transportation of food; and assisting in the determination of the most needed kinds of additional transportation equipment.

(e) Due to the war it was necessary to stimulate production of certain fishery products when short supply of alternative foods developed. As a result, the prewar distribution patterns of many fishery products had to be changed to meet the emergencies as they developed. Fishery products will continue to replace meat as an item of food for some time. The disruptions caused by the war in the fishing industry have not stopped because the war has ended, and it is necessary to continue certain programs to remove marketing bottlenecks that have resulted from the war.

(f) In order to achieve the dual purpose of saving milk and conserving sugar the Office of Price Administration, at the insistence of the Department, has allotted sugar for sweetened condensed milk on a provisional basis.

The Department has therefore become the focal point in directing the flow of milk to areas in short supply and in assisting processors in obtaining the needed quantity of sugar to prevent wastage of milk.

3. Determination of requirements, allocations, availability and distribution of food and feed supplies, and assistance in establishment and adjustment of goals and price ceilings.

As the war progressed, food and feed supplies increased but requirements increased still more. With greatly expanded purchasing power the civilian group alone was able to absorb all of the supplies of some foods, leaving none for the armed forces or for our allies. The allocation procedure was, therefore, initiated in the early months of the war. Appxoximately 200 different commodities were subject to allocation, and the needs of nearly a hundred claimants had to be met. Through representatives on the Combined Food Board the various commodity branches were kept informed with regard to world supplies and requirements. Demands of all claimant agencies were weighed and evaluated as to their relative priority. Consultation with members of industries involved, through Industry Advisory Committees and with governmental agencies, was a basic factor in balancing needs against total supply. Requirements finally approved represented an estimate, not of demand, but of claims essential to the prosecution of the war. To balance need against the total supply, first consideration was given to the essential requirements of the United States armed forces. The military and other war services, including those of our fighting allies, generally received their full requirements.

Next consideration was given to the claims of United States civilians. Approved requirements for civilians covered sufficient food to maintain health, vigor, and morale, although in some items, such as meats and sugar, there was not enough to supply all that civilians wanted and were able to pay for at ceiling prices. With national income at a record high level, civilian demand for food was greater than could be filled if the critical needs of the United States armed forces, our allies and the needy in liberated areas were to be met.

In the development of food requirements for civilians the following factors were considered:

(1) historical consumption pattern,

(2) the importance of each food from the standpoint of nutritive value and food habits,

(3) estimated civilian demand under current price and income levels, and

(4) the feasibility of equitably distributing a short supply.

The following table shows how United States food supplies were distributed during the War years and showing the 1935-39 average for comparative purposes.

Wartime Distribution of United States Food Supplies
on a Tonnage Basis

Claimant	1935-39	1941	1942	1943	1944	1945
United States Civilians	97.0	94.1	90.6	85.0	83.7	78.8
United States Armed Forces	- -	1.4	4.8	8.7	9.4	9.4
Exports and Shipments:						
United Kingdom	- -	.1	.1	1.8	1.8	1.7
U.S.S.R.	- -	0	negl.	1.1	1.3	.5
Liberated areas a/	- -	0	0	1.0	1.0	6.7
Other exports	- -	4.4	4.5	3.4	2.8	2.9
Total, Exports and Shipments	3.0	4.5	4.6	6.3	6.9	11.8
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0

a/ Includes military civilian feeding.

4. Distributive trades.

Distributive trade activities operated to assist in the proper distribution of the available food supply, to implement the orderly distribution of foods, to eliminate and alleviate the underlying causes of food shortages, and to correct acute shortage conditions.

This activity functions through the voluntary cooperation of a nation-wide system of food advisory committees activated by field representatives of the Department but composed chiefly of representatives of all types of food distributors and processors in a given trade area.

During the fiscal year 1945, a much tighter food situation brought about more and greater distribution problems. Shortages had to be resolved so as not to adversely affect normal trade practices. Special consideration was given (1) to vulnerable groups such as young children, patients in hospitals and institutions, and industrial workers; (2) to people in areas where army camps or war plants have brought about large increases in population; and (3) to consumers, whose diets and customs vary considerably from those in other parts of the country.

Pursuant to recommendations of the field representatives or the food advisory committees, processors and distributors of scarce commodities cooperate in obtaining an equitable distribution of available supplies. Relief for shortage areas was usually obtained by stepping up shipments to such areas or by arranging with local retailers for voluntary rationing and careful distribution of the available supply. Such action was particularly successful

in the case of evaporated milk, essential for infant feeding, In turn, field representatives assisted food distributors in obtaining their share of supplies subject to rationing or quota restrictions, such as canned goods, dairy products and pepper.

Programs were initiated providing for the issuance of priority certificates to hospitals unable to obtain a minimum of foods in short supply. For example, under the chicken program, 133 certificates were issued to 569 hospitals in three regions, permitting the purchase of 462,195 pounds of roasting and stewing chickens. Hospitals also were enabled to purchase butter out of set-aside stocks whenever they could not obtain from their usual suppliers at least .3 pound of butter per bed per week. Through June 30, 1945 certificates for nearly 6,000,000 pounds of butter were issued.

Assistance was rendered to many other groups of consumers, such as industrial feeding establishments, camps for migratory workers and for underprivileged children, schools and U. S. Public Health Service and veterans' hospitals. General shortages of nearly all food items occurred in certain areas where war plants or army camps had caused dislocations of population necessitating joint cooperation of Government agencies to solve problems of food, housing, manpower, and other difficulties.

5. Industrial feeding.

During the past year approximately seven million workers in manufacturing plants and two million workers in other industries had access to food on the job. This is 4½ times as many as received this service before Federal participation in this field. Widely accepted by labor and management as an important factor in good labor relations and one of the greatest social gains made during recent years, industrial feeding has helped to increase production, reduce absenteeism, and has generally facilitated operations in meeting wartime production needs.

Technical services were provided on request to assist plant management by (a) surveying plants with food services and advising on methods for improving operating efficiency, (b) surveying plants without food services and recommending suitable types of installation and operating methods, (c) advising and encouraging the best possible use of available and abundant food supplies, and (d) encouraging plants both with and without food service facilities to undertake nutrition education.

The following table reflects by quarters during the fiscal year 1945, the total number of establishments serviced and the source of initial requests for assistance:

Industrial Feeding Program Technical Services Rendered, by Quarters, Year Ending June 30, 1945

Fiscal Year 1945	Establishments Serviced 1/			Source of Initial Request 2/			
				Management		Coop. Agencies	
	Total	Initial	Follow-up	Number	Percent	Number	Percent
1st Quarter	620	320	300 3/	236	73.8	134	41.9
2nd Quarter	825	394	431	223	56.6	93	23.6
3rd Quarter	875	457	418	251	54.9	89	19.5
4th Quarter	724	247	477	193	78.1	59	23.9
Grand Total	3,044	1,418 4/	1,626	903	63.7	375	26.4

1/ Total establishments assisted since the start of the program in the fall of 1942 are 2216. In many instances follow-up services were rendered two or more times to plants previously assisted.

2/ In some instances requests for initial assistance were received jointly from management and a cooperating agency. Additional sources of requests were USDA representatives, labor, equipment companies, architects, and engineers. Requests from industrial feeding contractors are included with those from management.

3/ Estimated. Follow-up reports initiated in September 1944.

4/ Includes 618 (44%) who received assistance with operations; 860 (61%) with facilities; and 795 (56%) with nutrition education activities.

6. Nutrition Coordination.

The nutrition coordination program was directed toward encouraging the best use of the available food supply and the improvement of the well-being of all citizens in the country through a better education in nutrition. Some 4,000 volunteer nutrition committees organized at the Federal, State, and local levels assisted in this job. These committees consist primarily of representatives of various agencies and organizations within the States that are conducting educational food and nutrition programs for citizens. In the local community such people as the Public Health nurse or doctor, the Home Economics teacher, and the Extension Home Demonstration Agent have been the nucleus of the committee. In all of the States, Puerto Rico, and Hawaii, State nutrition committees have met periodically to plan the best use of available food and nutrition resources and the extension of their programs to county and local nutrition committees.

Coordination of nutrition activities has proceeded first from the coordination of Federal agency programs. Representatives of Federal agencies carrying on field programs in nutrition form a "Nutrition Planning Committee." In the monthly meetings of this Committee, recommendations and program suggestions were made and transmitted to State and local nutrition committees and to their counterpart agencies in the States and counties. During the past year this Committee, with the field personnel of the respective agencies, met for a week to review progress that had been made in nutrition work since the National Nutrition Conference in May 1941. They drew up a set of principles of coordination and agreed upon recommendations for future programs. In June members of the Committee also participated in regional conferences in Chicago, Salt Lake City, Dallas, Atlanta, and New York, at which time consideration was given to the future of nutrition committees in relation to the national food situation and their function in a long-time nutrition program.

Accomplishments in the nutrition coordination program are measured by the improvement in the food habits of the people as a result of their adjustment to war food needs. Surveys were conducted in many States to determine

community needs for nutrition education. These surveys were concerned mainly with eating habits and the extent to which families or special groups were receiving recommended dietary allowances. A few were directed to breakfast habits of school children alone and revealed rather startling proportions of school children who ate no breakfast. Intensive nutrition education and plans for follow-up surveys were included in program objectives. Other surveys explored such problems as extent of food production and consumption in the State; proportion of enriched flour found in community stores; extent of canning and gardening; and a few broad over-all surveys to provide some clinical assessment of nutritional status. In these clinical assessment surveys the Public Health Consultant cooperated, working with the nutrition committees through the State and local public health representatives on the committees.

Through the nutrition coordination program and other emergency measures mobilizing all leadership resources in the field of nutrition, the Nation has become nutrition conscious. Field workers observe encouraging developments such as (1) an increase in the number of nutrition workshops, conferences, and institutes, most of which are sponsored by colleges and universities; (2) an increase in the uniformity of methods and procedures advocated in food preservation; (3) wider and more effective use of press and radio in nutrition education; (4) increase in development and use of effective illustrative material; (5) improved adaptations of the "Basic 7" chart in accordance with the "National Wartime Food Guide" to make the best use of abundances in preference to foods in short supply and to meet food patterns of many cultural and economic groups.

Though the nutrition coordination program has been financed as an emergency measure, it has demonstrated the need for a national coordinating organization of permanent nutrition committees. Nutrition facts indicate the continuing need for a comprehensive national nutrition program to bring to all of the citizens the known facts about how to attain optimum health through better dietary practices. The States will continue to maintain their committees during the coming year, adjusting their work to reduced facilities.

7. "A" Awards, Fat and Container Salvage.

The "A" Award program, established to give recognition to food processing plants with outstanding production records and to emphasize to plant employees the importance of their jobs in the war program, consisted of a flag presented to both management and employees, and the privilege of both to wear the "A" Award pin. The establishment of the "A" Awards improved employee morale, reduced absenteeism and made both labor and management better aware of their role in the prosecution of the war.

A total of 276 "A" Awards and 24 Star Awards (to those plants maintaining the same high level of production during the year or season following the "A" Award) were made during the fiscal year 1945. Since September 1943 when the program began, the "A" flag has been presented to a total of 465 food plants of which 120 received the "Star" Award. In recognition of individual achievement, more than 236,000 "A" Award pins were presented to workers in these plants. Final awards under this program were announced on December 11, 1945.

Fat Salvage Program. The fats and oils salvaged under this program helped make up the difference between the Nation's production of fats and oils and the total requirements therefor. With domestic production of fats and oils in 1945, 1.3 billion pounds less than in 1944, and with the world's exportable supply less than half as large as in pre-war days, a substantial part of industrial fats must continue to come from America's kitchens until import channels can add sufficiently to the supply.

The following tabulation indicates by months the amount of used fats and oils collected from 114 city and 110 rural renderers representing approximately one-third of all renderers in the United States and accounting for slightly less than one-third of the total amount of fat salvaged.

Used Fat Collected by 114 Urban and 110 Rural Renderers for the Period December 1944 through May 1945 (In Pounds)

	Urban	Rural	Total
December 1944	2,982,740	725,735	3,708,473
January 1945	3,910,371	1,057,393	4,967,764
February 1945	3,853,699	1,040,701	4,894,400
March 1945	4,381,644	1,252,615	5,634,259
April 1945	3,802,993	1,177,139	4,980,132
May 1945	3,624,028	1,107,469	4,731,497
Average for 5 month period (Jan. thru May)	3,914,547	1,127,064	5,041,610

The degree of the success of the fat salvage program can be measured by using December, customarily one of the high collection months, as the base of comparison and computing activity for the months following in terms of the December base period. The following table reflects such a computation.

Percentage Increase of Collection of Salvage Fat by 114 Urban and 110 Rural Renderers for the Period December 1944 through May 1945

	City	Rural	Total
December 1944	100.0	100.0	100.0
January 1945	131.1	145.7	134.0
February 1945	129.2	143.4	132.0
March 1945	146.9	172.6	151.9
April 1945	127.5	162.2	134.3
May 1945	121.5	152.6	127.6
Average for 5 month period (Jan. thru May)	131.2	155.2	135.8

As shown in the preceding table the average increase in fat salvaged during the period January through May 31, 1945, over the amount salvaged during the month of December 1944, was 1,333,137 pounds, an increase of 35.8 percent. Total collections of used household fats from January through June 1945 accounted for nearly one tenth of total U. S. production of inedible tallow or grease during that period.

Until such time as the shortage is alleviated a concentrated effort must be put forth to combat the natural tendency to discontinue the salvaging of used fat. The more fats and oils reused or salvaged, the sooner the shortage will be ended.

Container Salvage. The major objective of this program is to ease the critical shortage of food containers of all types and to encourage the best possible distribution of the containers available. The maximum harvest, distribution and use of the food produced this past year was dependent in large part upon salvage and reuse of hampers, crates, cases, lugs, and other types of containers. The supply of new containers and the materials and labor for making them continued limited. Inasmuch as a large part of all 1944 and early 1945 crops had to move in secondhand containers, field representatives of the Department were assigned the responsibility for assuring the salvage and reuse of the maximum quantity of containers and providing a clearing house for information as to their availability. Needs for handling specific commodities were determined well in advance of the marketing season from data collected as to supply, demand, and movement of commodities in each area; this in turn was then related to container resources. Special surveys of container resources were made from time to time to determine types and areas of container shortages and campaigns were inaugurated to distribute containers to points of greatest need. In addition, close contact was maintained with container dealers throughout the Nation to obtain their cooperation in supplying containers in shortage areas.

Utilization of radio spot announcements, news stories and other publicity means successfully pointed up the necessity of salvaging containers. Field offices implemented this program further by instituting monthly (in some cases weekly) reporting systems on container salvage which were designed to inform those in need of containers where they could get them and those who had large supplies of containers of possible outlets.

8. Material and Facilities for Production and Processing of Foods.

As claimant agency for materials, facilities, and equipment needed in the food program in 1945, the Department submitted requirements to the War Production Board relating to farm and food processing machinery, containers, fertilizer, lumber, and other items having a value of more than 5.5 billion dollars. These accomplishment by principal categories are illustrated as follows:

Containers and Packaging

The American farmer and food processor faced a shortage of all types of container materials including tinplate, paper, paperboard, specialty papers, textile bags and farm production textiles, crowns and closures, glass containers, and other packaging materials in 1945.

During 1945 the Department administered the food section of WPB Order M-81 and the programming and direction of nearly two and one-half million tons of tin cans for packing food for military, Lend-Lease, and civilian use. Over 1,800,000 yards of textiles, including burlaps and cotton, were programmed and made available to the bag industry and to farmers producing tobacco and vegetables, as well as food processors using textiles in the production of processed food.

Increasing shortages of paper and paper products resulted in orders by the War Production Board restricting the use of containerboard and paperboard through reuse of containers, and food was moved to market without waste during 1945. Highlights of these activities involved emergency actions to move Lend-Lease food and directing the production of all slack cooperage to the dried milk industry during the flush season.

Priorities and Allocations

Approximately 43,750 individual applications were processed during 1945 involving some $65,625,000 of machinery and equipment, as well as 6,200 construction applications involving some $132,393,355, 19,000 individual applications for specific items of materials and equipment, valued at about $95,000,000, 110 applications allocating 19,000,000 board feet of lumber, 1,200 CMP applications, allocating an estimated 4,000 tons of steel and proportionate quantities of copper and aluminum. In addition, telegraphic recommendation was made to WPB regional and district offices on approximately 250 construction applications, involving an estimated $5,000,000, and 185 applications for tax amortization privileges involving facilities valued at $12,708,746.

Farm Machinery and Supplies

The requirements of farm machinery and supplies necessary to meet war food goals were established. Based on these requirements, claims for steel and other materials were presented to the War Production Board resulting in the manufacture and distribution of new farm machinery valued at more than $400,000,000, repair parts valued at approximately $200,000,000, farm engines, garden tools, merchant trade products, copper for farm wiring and other farm supplies valued at more than $200,000,000, lumber valued at approximately $800,000,000, and construction facilities valued at approximately $200,000,000.

Transportation and Storage

During 1945 the Department secured for the American farmer more than 50,000 farm trucks for on-farm use; approximately 50,000,000 barrels of gasoline for use in tractors, farm trucks, and for other on-farm uses; 1,801,000 tractor and implement tires for new farm machinery and for replacements on existing farm machinery; and some 300,000 internal combustion engines of all types for various on-farm uses. The aggregate value of these supplies is approximately $500,000,000.

Chemicals and Fertilizers

Requirements were determined and claims were established for a wide variety of materials used in the production, protection, and preservation of crops and processed foods. During the current crop season, fertilizer claims have been allowed for approximately 680,000 tons of nitrogen, 8,000,000 tons of superphosphate (basis 18% phosphoric acid), and 720,000 tons of potash (basis K_2O). Claims have been established for 800 million pounds of insecticides, fungicides and accessory materials to protect over 44 million acres of crops, valued at 4-1/2 billion dollars.

Claims were also established for a wide variety of miscellaneous chemicals including animal medicinals, sanitation chemicals, food and feed supplements, by-product protein feed, weed killers, dry ice, and in related fields obtained approximately 20 million tons of liming materials during the year.

Food Industry Priorities

During the fiscal year 1945 the food industry was assisted in obtaining priorities for necessary material and equipment. The War Production Board often rejected applications from food processors so that those industries engaged in producing war material other than food might receive adequate supplies. This created a critical situation for processors. It had the effect of disrupting production and wasting raw products at a time when the armed services needed more food, and as a result greater shortages began to appear in civilian markets.

The Department's field offices maintained liaison with other Federal agencies to expedite consideration of priority applications and, in addition, facilitated action on new applications. In every instance of assistance, investigation was made by field representatives to assure that its endorsement would achieve either greater production or maintain production at present levels. These investigations were premised not on the basis of needs for a particular plant but rather on the necessity for maintaining or increasing facilities for processing an essential food.

9. Special services to farmers in connection with agricultural production and marketing transportation, storage, machinery, supplies, equipment, etc.

(a) Assistance to farmers in procuring information, equipment, and supplies, needed in meeting production goals: Assistance was given in (1) processing and making recommendations on applications for priority assistance required for the purchase of urgently needed materials; (2) arranging for custom harvesting of crops; (3) keeping farmers informed on such matters as supply situations, orders which give farmers preference in procuring supplies from dealers, how to procure urgently needed materials from Government and other surplus stocks of farm machinery; (4) certifying veterans' applications for surplus property needed for agricultural enterprise; and (5) keeping disposal agencies informed of areas in which there is a general shortage of materials needed for farm production in order that those materials may be made available from surplus stocks.

(b) Transportation and Distribution of Feed: Reports are procured on the amounts of protein meal to be available. Representatives of the Department, working with State and County Feed Advisory Committees, determine the areas in which additional meal is required and the amount of meal needed. Action is taken to furnish each shortage area with its fair share of the available supply.

(c) Rationing and Allocation of Farm Machinery, Equipment and Supplies: A number of the programs handled involved establishment of State and county quotas on materials in short supply and issuance of certificates to farmers whose applications had been approved. Other programs involved establishment of dealers' quotas, against which the county committee issued farmers' certificates upon approval of applications. Some programs involved establishment of State quotas but with the War Production Board taking final action on applications which had been processed by the Department. All applications for approval to construct farm buildings were processed under this item.

(d) Farm Transportation Program: The purpose of this program was to facilitate distribution of available supplies of trucks, truck tires, tractor and implement tires, gasoline and fuel oil in a manner which would result in greatest benefit to food production. This involved county and State Committee recommendations on farmers' applications; establishment of State quotas, such as on rear tractor tires for conversion purposes and authorizing the county to process applications for other types of conversion from steel to rubber; issuing certificates when applications were approved; assisting farmers in procuring repair parts for trucks; and assisting ODT in establishing trucking routes, when farm supplies and commodities were involved, for the purpose of conserving gasoline, tires, and transportation facilities. This program was discontinued on June 30, 1945, since no funds were allocated for the purpose during fiscal year 1946.

10. Farm wage stabilization and labor advisory activities.

(a) Wage stabilization program: The objectives of the wage stabilization program are: (1) To control agricultural labor costs in relation to price control as a means of avoiding inflation in accordance with Executive Orders issued pursuant to Public Law 729; and (2) To prevent "wage spiralling" through competition between farmers for labor, leading to "pirating" of labor, high labor turnover, and loss of working time.

The program has two phases, namely, the procedure for establishing maximum ceiling wages in particular areas for specific operations, referred to as the "Specific Wage Ceilings", and the general wage regulation prescribing approval for increases in excess of $2,400 per annum, commonly referred to as the "General Regulations." The general regulations embody the authority for specific wage ceilings. The two phases are administered by the Department and State USDA Wage Boards.

Farm wage rates in the United States on July 1, 1945 were reported by the Bureau of Agricultural Economics to be the highest on record, standing at 351 percent of the 1910-1914 average which is 26 points above the October 1944 peak and 49 points higher than April 1, 1944. The only method of preventing further increases in wages and probable inflation under current conditions is through agricultural wage stabilization. In areas where specific wage ceilings have been operative, the wage rate increase for specific operations during 1944 was sharply curtailed, and in several instances the wage rate is the same or actually less than the 1943 rate. With a marked increase in wage ceiling areas and commodities during 1945, it is expected that wage rates will be further stabilized in areas requesting the intervention at about the same rates as were paid in 1944. Experience in the wage stabilization program has demonstrated that record crops have been harvested with better utilization of smaller amounts of labor. Reports by state wage boards and producers show that the wage regulations have stabilized labor and that incalculable man hours have been saved which otherwise would have been spent by workers shifting from farm to farm seeking the highest wage rates. This has been an important factor in holding farm wage rates to reasonable levels, which, in turn, has minimized inflationary tendencies. Farm wage rates in an increasing number of areas during the 1945 season show a definite upward increase toward a rate of $200 per month for non-supervisory employees. Upon reaching this rate, the wages are subject to the general regulation of the Secretary. Agricultural wage and salary rates having been free to rise to a rate of $200 per month, the over-all ceiling rate is an

effective brake on inflationary tendencies, but it presents a markedly increased workload for State wage boards. As the wage rates for non-supervisory farm workers rise, a similar rise is found among the supervisory and managerial agricultural workers whose salary or wage rate is in excess of $200 a month. Effective stabilization is necessary within this category of workers and an ever-increasing number of wage determinations are required.

From the inception of the specific wage ceiling program the wage rates of approximately 600,000 workers have been affected in 620 counties. The number affected by the general regulations is extremely difficult to enumerate or determine. In those areas where wage rates for most farm workers approached the rate of $200 per month, equivalents in hourly or piece work rates have been stated by the wage boards. Only a conjecture can be made as to numbers of workers whose wage rates have been stabilized at the equivalents of $200 per month. Approximately 5,200 requests were received during the fiscal years 1944 and 1945 for adjustments in the wage or salary rates of workers in the $200 or more per month category from 43 states. These workers in all but the highest wage rate areas are managerial or supervisory.

Specific Wage Ceiling Regulations Issued,
Fiscal Year 1945 and Fiscal Year 1946 to 12/15/45

Regulation No.	Effective	State	No. of Counties Covered	Commodity	Operation
29	9-21-44	Arizona	6	Cotton	Picking, pulling, bolling, snapping, scrapping
45	4-24-45	"	1	Alfalfa Hay	Baling
4	7-31-44	California	3	Oranges	Tree picking
26	9-7-44	"	2	Potatoes	Picking and other harvesting
36	10-31-44	"	6	Cotton	Picking and snapping
37	10-31-44	"	8	Raisin Grapes	Picking
38	10-31-44	"	20	Canning Tomatoes	Picking
39	10-31-44	"	3	Oranges	Tree picking
40	10-31-44	"	3	Lemons	Tree picking
41	12-2-44	"	2	Fruit & Nut Trees	Pruning
42	3-12-45	"	3	Valencia Oranges	Tree picking
43	3-14-45	"	1	Alfalfa Hay	Harvesting
44	3-19-45	"	1	Market Peas	Picking
21	7-25-44	Florida	State	Citrus	Picking, loading, bunch truck driving
35	10-19-44	"	State	Citrus	Emergency (hurricane) harvest
31	9-30-44	Idaho	9	Potatoes	Picking
32	9-30-44	"	6	Potatoes	Picking
33	10-4-44	"	7	Sugar Beets	Topping and loading
34	10-4-44	"	6	Sugar Beets	Topping and loading
49	6-11-45	"	2	Cherries	Picking
25	9-7-44	Oregon	1	Potatoes	Picking and other harvesting
27	9-7-44	Oregon	1	Apples & Pears	do
28	9-19-44	"	2	Potatoes	Picking
47	6-15-45	"	5	Wheat, Peas, Hay	General and harvest labor
50	6-15-45	"	2	Soft Fruits	General orchard and harvest labor
15	7-17-44	Washington	3	Cherries	Picking
16	7-17-44	"	3	Peaches	Picking
17	7-17-44	"	3	Apricots	Picking
18	7-17-44	"	3	Apples	Picking, thinning, spraying
22	8-23-44	"	1	Hops	Picking
23	8-24-44	"	1	Blackberries	Picking
24	8-28-44	"	3	Apples	Picking
30	9-26-44	"	2	Apples & Pears	Picking
46	6-11-45	"	1	Raspberries	Picking
48	6-11-45	"	2	Cherries	Picking
51	6-14-45	"	2	Cherries	Picking
52	6-16-45	"	5	Wheat & Peas	General and harvest labor

Supple-ment No.	State	No. Counties covered	Crop	Operation	Date
53	California	1	Apples	Harvesting Apples	7-4-45
54	Arizona	1	Melons	Harvesting Melons	7-4-45
55	Washington	5	Wheat	(Harvesting Wheat (General Farm Labor	7-17-45
56	Idaho	10	Potatoes	Harvesting Potatoes	7-17-45
57	California	2	Apples	Harvesting Apples	8-1-45
58	California	1	Peas-Prunes-Hops-Filberts	Picking	7-21-45
59	Washington	1	General Farm Labor	Farm Labor	7-23-45
60	Idaho	7	Wheat-Peas-Grain	Harvesting Wheat and other grain	7-24-45
61	Oregon	1	Hay	Harvesting Hay	7-27-45
62	California	2	Peas-Hops-Prunes	Harvesting	7-26-45
63	Oregon	1	Fruit-Nuts-Truck crops	Harvesting	8-6-45
64	Washington	2	Peaches	Picking-Swamping	8-11-45
65	Texas	9	Cotton	Picking	8-11-45
66	Oregon	1	Plums-Prunes	Harvesting	8-15-45
67	So. Dakota	State	Small Grains	Harvesting-Storing	8-17-45
68	Washington	1	Plums-Prunes	Harvesting	9-4-45
69	California	2	Prunes	Picking	8-25-45
70	Maine	2	Potatoes	Harvesting	8-22-45
71	Idaho	6	Wheat & other grain	Harvesting	9-4-45
72	Colorado	4	Broom Corn	Harvesting	9-6-45
73	Kansas	7	Broom Corn	Harvesting	9-6-45
74	Oklahoma	4	Broom Corn	Harvesting	9-6-45
75	Idaho	8	Apples-Prunes	Harvesting	9-6-45
76	Ohio	4	Greenhouse Veg.	Production	5-15-45
77	Oregon	1	Apples-Prunes	Harvesting	9-6-45
78	So. Dakota	8	Potatoes	Harvesting	9-8-45
79	Minnesota	5	Potatoes	Harvesting	9-8-45
80	Oregon	2	Hops	Harvesting	9-11-45
81	Texas	39	Cotton	Harvesting	9-14-45
82	Mississippi	19	Cotton	Picking-Pulling	9-17-45
83	Arkansas	21	Cotton	Harvesting	9-26-45
84	Washington	1	Apples	Harvesting	9-25-45
85	Oregon	1	Potatoes	Harvesting	10-1-45
86	No. Dakota	7	Potatoes	Harvesting	10-15-45
87	California	1	Grapes	Picking	10-17-45
88	So. Dakota	64	Corn	Harvesting	11-8-45
89	Arizona	1	Lettuce	Harvesting	11-23-45

Total Regulations Issued
by Fiscal Year

Fiscal Year	Regulations	Crop Areas	Commodities or Operations
1943	1	1	1
1944	19	19	13
1945	37	37	18
1946 to 12-15-45	32	32	8
Totals	89	89	40

During the fiscal years 1944 and 1945 the wage boards made wage adjustments in the case of hardships resulting from the ceiling regulations on receipt of approximately 1,968 applications. An effort is made to have an employee of the wage board accompany a local farmer serving on a voluntary commodity advisory committee visit each farm or orchard for the purpose of recommending a fair and equitable adjustment to the State wage board.

During the fiscal year 1945, no part of the funds of the War Food Administration could be used for agricultural wage stabilization unless a majority of producers in an area affected requested (in writing) the intervention. A change in language in the 1946 Agricultural Appropriation Act provided that intervention could be sought by a majority of producers of a commodity in the area affected participating in a referendum or meeting held for such purpose.

(b) Labor advisory activities: Labor advisory assistance is rendered in the utilization of the labor supply of commodity processing and distribution industries in cases where local labor shortages or impending labor disputes in these vital industries threaten to result in the spoilage of large quantities of food or cause accumulation of agricultural products on the farms with a consequent decline in prices. Activities included the following:

1. Represented the War Food Administration on the following interagency committees:

   (a) Essential Activities
   (b) Sub-Essential Activities
   (c) Coordinated Area Production Urgency
   (d) Sub-Production Executive on Appeals
   (e) Production Readjustment

2. Supervised district directors in their representation of War Food Administration on local production urgency committees and manpower priorities committees throughout the country.

3. Certified to the War Labor Board cases in food industries considered of special importance to the war food program.

4. Certified to Selective Service Boards recommendations for deferment of certain employees in food industries.

5. Advised trade associations, food industry advisory committees, and organized labor on matters relating to labor in food industries.

6. Represented the War Food Administration before national inter-agency committees upon which WFA had no membership.

7. Assisted the War Food Administrator in negotiations with the War Production Board for the addition of food processing items on the National Priorities Urgency List.

Allotment to Extension Service. In the fiscal year 1944, $4,062,790 was provided from this appropriation for special Extension Service activities, such as victory gardening and food preservation, and for State extension assistance in food production and conservation by providing additional county agents, home demonstration agents, and clerical assistance.

An amount of $2,708,000 was included in the 1946 appropriation for this purpose. However, only $130,000 has been allotted to the Extension Service. $2,558,000 is in a budget reserve pending rescission under H. R. 5158.

The only payments made to local extension services are for Puerto Rico ($60,000) and Alaska ($6,500) which did not share in the distribution of the $4,500,000 appropriated in the Second Deficiency Appropriation Act, 1945, to carry out the Bankhead-Flannagan Act of June 6, 1945 (Public Law 76, 79th Cong.).

Prior to the employment of war food assistants in 1944 and 1945, approximately 100 counties were without the services of county extension agents, many large counties lacked assistant agents, 1,000 counties had no county home demonstration agents, and several hundred county agents had no clerical help or very inadequate clerical help. The allocation of War Food Administration funds to the States and Territories had made possible the employment of 2,699 emergency war food production and conservation workers in the States and Territories during the current fiscal year, of whom (a) 476 were men war food assistants in counties, (b) 117 carried on work in urban centers, particularly in victory gardening and food conservation, (c) 200 were Negro county and urban war food assistants, and (d) 1,004 were emergency county clerks who have been put on in counties to relieve county extension agents to devote a larger portion of their time to emergency war production and conservation work with farmers, homemakers, and rural boys and girls.

Allotments and transfers for staff services provided over-all direction and coordination of the above programs, including special advisers to the Secretary on food, surplus property, reconversion, water utilization and other problems. Also included are legal, fiscal, personnel, informational, economic, and statistical services rendered by central agencies.

Since the establishment of this appropriation in the fiscal year 1944, transfers have been made to already existing staff offices of the Department of Agriculture, in the interests of economy, rather than setting up duplicating organizations to perform these necessary services.

(cc) Supply and Distribution of Farm Labor, Department of Agriculture

This budget schedule covers estimated obligations, on a fiscal year basis, under the calendar year appropriation for the supply and distribution of farm labor to assist in providing an adequate supply of agricultural labor for the production, harvesting, and preparation for markets of agricultural commodities. The present calendar year appropriation expires on December 31, 1946.

(dd) Community Facilities, Defense Public Works, Office of Administrator, Federal Works Agency (Transfer to Agriculture)

This budget schedule covers estimated obligations in 1945 and 1946, under a transfer of $61,885 for part of the cost of maintenance and operation of recreational and child-care services for migrant agricultural workers in Florida, North Carolina, Virginia, and Tennessee.

(ee) Emergency Supplies for Territories and Possessions of the United States

(In process of liquidation)

Purpose of Program: This wartime program was initiated for the purpose of procuring, transporting and distributing agricultural commodities and supplies to meet the emergent civilian needs of the Territories and Possessions of the United States during the war. At the outbreak of hostilities food stocks of the Caribbean and Hawaiian Areas were insufficient for normal civilian requirements and commercial facilities were disrupted because of submarine warfare. Since the end of the war, private merchants have begun to resume their normal commercial operations.

Status of the Appropriation: A revolving fund of $35,000,000 was provided by Congress (Public Law 371, 77th Congress, approved December 23, 1941) to carry out these programs. With the discontinuance of these programs $25,000,000 of the fund is in the process of being returned to the Treasury (pending for rescission in H. R. 5158). An additional $2,500,000 has recently been recommended for rescission (H. Doc. 394). As soon as the accounts are finally liquidated an additional amount will be returned to the Treasury.

Resume of Activities through Fiscal Year 1945: During the fiscal year 1945, vital agricultural and other commodities were shipped to the Territories and Possessions. As claimants for agricultural commodities, the Hawaiian and Caribbean Areas received quarterly allocations of the total national supply to meet their civilian needs. Sufficient commoditios were acquired and delivered during the year to meet each quarterly allocation.

In Hawaii, a six months' reserve of a major portion of their food requirements was maintained until the beginning of the fiscal year 1944, when it was determined that a four months' reserve would be adequate due to the improved shipping situation. Shipments to Hawaii in the past year averaged 9,737 long tons per month. The following table indicates the shipments to Hawaii from July 1942, to June 30, 1945:

Shipments of Agricultural Commodities to Hawaii
(Net long tons)

Commodity Groups	F.Y. 1943	F.Y. 1944	F.Y. 1945
Dairy Products	10,629	8,611	10,643
Meat and Fish	5,470	2,692	1,649
Fruits and Vegetables	10,509	871	1,240
Grain Products	64,580	41,802	101,410
Other Foods	18,735	31,829	1,810
Total	109,923	85,805	116,752

Although larger amounts of shipping space became available for shipment of commodities to the Caribbean Area during the year, it was not possible to discontinue the program or reduce the reserve because of the tight supply of basic commodities required for Puerto Rico. Shipments to the Caribbean in the past year averaged 25,945 short tons per month. The following table indicates the deliveries to the Caribbean Area from November 1, 1943, to June 30, 1945:

Deliveries to the Caribbean Stockpile Program
(Net short tons)

Commodity Group	November 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945
Dairy Products	6,542	24,557
Meats and Fish	13,672	25,017
Fruits and Vegetables	51,498	2,257
Grains and Cereals	74,315	238,704
Lard, Fats, Oils	26,392	7,536
Other	73,571	13,269
Total	245,990	311,340

(ff) Foreign War Relief (Allotment to Agriculture, Production and Marketing Administration)
(In process of liquidation)

This budget schedule reflects obligations incurred during the fiscal year 1945 for the purchase, transportation and delivery of agricultural supplies to the American Red Cross. These commodities were used to assist refugees rendered destitute by hostilities or invasion. In addition, the 1945 program included the cost of purchasing agricultural commodities for the preparation of food parcels for distribution to unassimilated persons in concentration and refugee camps located in the zone occupied at that time by enemy forces.

The American Red Cross program has been financed from an original allocation of $20,000,000 by the President from the appropriation "Foreign War Relief." Due to the cessation of hostilities the program was terminated as of the end of the fiscal year 1945. All funds in excess of $11,500,000 (the total amount obligated since the beginning of the program) will be returned to the Treasury.

The following table shows the amount and value of agricultural commodities delivered to the American Red Cross (exclusive of the Preparation of Food Parcels Program) during the fiscal year 1945:

Commodities	Deliveries to Red Cross Fiscal Year 1945*	
	Quantity (tons)	Amount
Canned fruits	1.7	$1,413
Canned meats	355.3	250,381
Cereals	11.2	3,113
Cheese	100.9	76,880
Coffee, tea and cocoa	- -	95,044
Dried fruits	240.7	67,505
Dry milk	222.6	202,487
Evaporated milk	315.2	72,103
Fish	77.2	62,736
Oleomargarine	119.4	43,079
Other fruit products	77.4	38,991
Soap	41.0	17,060
Sugar	138.2	24,152
Sugar products	- -	44,421
Tobacco	- -	30,765
Vegetables and vegetable products	60.5	31,025
Miscellaneous agricultural commodities	121.1	45,532
Total	- -	1,106,687

*Exclusive of Preparation of Food Parcels Program.

(gg) Salaries and Expenses, Foreign Economic Administration (Transfer to Agriculture, Foreign Food Programs)

(hh) Penalty Mail Costs, Foreign Economic Administration (Transfer to Agriculture, Foreign Food Programs)

(ii) Administrative Expenses, Reconstruction Finance Corporation (USCC) (Transfer to Agriculture, Foreign Food Programs)

These three budget schedules cover estimated obligations during the fiscal year 1946 under transfers of funds from the Foreign Economic Administration and the Reconstruction Finance Corporation (United States Commercial Company) pursuant to Executive Order 9630 of September 27, 1945, which abolished the Foreign Economic Administration and transferred to the Department of Agriculture "the functions of the Office of Foreign Food Programs and all other functions of the Administration with respect to food (as defined in paragraph 10 of Executive Order 9280 of December 5, 1942), food machinery, and other food facilities."

(jj) Working Funds
Production and Marketing Administration

This budget schedule covers obligations under advances, pursuant to Section 601 of the Economy Act of June 30, 1932, for services performed for various agencies as indicated in the statement of obligations under supplemental funds which follows at the end of these Explanatory Notes.

(kk) Moisture Content and Grade Determinations for Commodity Credit Corporation

This budget schedule reflects obligations incurred in connection with the testing and sampling of commodities to determine loan eligibility.

(ll) Indemnity Fund, County Associations

This budget schedule covers assessments made against the county agricultural conservation associations to insure the Government, the county agricultural conservation association, and any other agencies or persons deemed to be entitled to reimbursements for losses of money or any other property caused by willful negligence or willful malfeasance of an officer or employee of the association.

(mm) Undistributed Cotton Price Adjustment Payments

This budget schedule covers 1935 cotton price adjustment payments which could not be paid to persons entitled thereto by the trustees who received the payments under such program.

(nn) Proceeds, Distilled Spirits Industry

This budget schedule shows balances carried forward each year from funds collected under Marketing Agreement No. 27 entered into by certain members and the Secretary of Agriculture (Sections 2 and 8, Act of May 12, 1933, 48 Stat., pp 31, 41 U.S.C. Title 5, sections 601-622).

(oo) Expenses and Refunds, Inspection and Grading of Farm Products

Under authority of the Department of Agriculture Appropriation Act, the Secretary of Agriculture provides an inspection and grading service for farm products upon the application of an interested party. This service is supported in part by the appropriation "Salaries and expenses, Marketing Services, Market inspection of farm products", and in part by fees charged for the services. These fees are covered into the Treasury in a special trust fund receipt account and are subsequently made available for the payment of expenses in connection with the work provided for under cooperative agreements. This budget schedule reflects an estimate of fees to be collected as well as obligations to be incurred.

(pp) Grading of Agricultural Commodities for Commodity Credit Corporation (Trust Fund)

This budget schedule covers obligations under advances from Commodity Credit Corporation funds for the classification of cotton and the grading of wool in connection with loans and purchases made by the Commodity Credit Corporation.

PASSENGER-CARRYING VEHICLES

The experience of the Production and Marketing Administration in maintaining and operating passenger-carrying vehicles during the last few years in carrying out inspection, grading and other related work has demonstrated that maximum economical transportation is obtainable from most of the cars up to approximately 60,000 miles of operation.

Of the 418 cars operated by the Production and Marketing Administration, 118 are more than six years old and 114 have been driven over 60,000 miles. Due to age or mileage coupled with the difficulty during the war years in overhauling and making the necessary repairs to keep the cars running, 108 of these cars have depreciated to a point where they are now unprofitable to operate. During the war when the purchase of new cars was restricted, it was less costly and more efficient, in some cases, to operate over-age automobiles than to rely on common carriers. In many instances these over-age cars provided the only means of transportation. It is anticipated that in the fiscal year 1947 new cars will be available. The request for purchase of 118 new cars represents the replacement of 108 old vehicles now in operation and an increase of 10 in the number of vehicles to be used. The ten new cars to be added will be used as follows:

Marketing Farm Products: Under this appropriation, 7 new cars are requested; 3 to be used by marketing specialists and cotton technologists in making studies of marketing practices and procedures, (a) in the markets in which farmers sell their cotton, (b) in the central markets, and (c) in the spinners' markets. Four cars are for the use of marketing specialists and ginning technicians in conducting, (a) surveys and studies of the operation of gins of various types and sizes, (b) study the cost of gin operations under various conditions with respect to the types of cotton to be ginned, and (c) in determining the most efficient sizes and types of gins and the locations for them.

Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts: Three new cars are required by personnel in the field for use in expediting the handling of violations and complaints under the Act. These cars are also needed by field personnel in checking establishments to insure that they are complying with the licensing provisions of the Act.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS
(1945 and 1946 figures include overtime costs)

Item	Obligations, 1945	Estimated obligations, 1946	Estimated obligations, 1947
Quartermaster Service, Army, (Transfer to Agriculture, Production and Marketing Administration): Inspection of hay and supervision of Army hay inspectors	$5,770	$6,153	$6,153
Special Research Fund, Department of Agriculture, (Allotment to Production and Marketing Administration): Special researches in marketing farm products	15,176	17,769	17,379
Salaries and Expenses, Marketing Service (Transfer from Bureau of Animal Industry to Production and Marketing Administration) for Enforcement of the 28-Hour Law, and Meat Inspection Work:			
Meat inspection operations at packing plants under the Federal meat inspection service	9,183,299	9,210,292	8,984,652
Determination of adulterations and other objectionable conditions in meat and meat food products by laboratory analysis	110,585	111,600	108,500
Inspection of imported meats and meat food products ...	37,279	36,122	35,400
Enforcement of the 28-hour law	13,651	10,870	10,713
Total, Bureau of Animal Industry	9,344,814	9,368,884	9,139,265
Community Facilities, Defense Public Works, Office of Administrator, Federal Works Agency (Transfer to Agriculture)	29,355	17,355	- -

Item	Obligations, 1945	Estimated obligations, 1946	Estimated obligations, 1947
Foreign War Relief (Allotment to Agriculture, Office of the Secretary) (Allotment to Production and Marketing Administration): Purchase and distribution of agricultural commodities for refugee relief	2,255,858	- -	- -
Note. - Executive Order 9630 of September 27, 1945, which abolished the Foreign Economic Administration, transferred to the Department of Agriculture "the functions of the Office of Foreign Food Programs and all other functions of the administration with respect to food (as defined in paragraph 10 of Executive Order No. 9280 of December 5, 1942), food machinery, and other food facilities". The following three transfers show the amounts transferred pursuant to this order:			
Salaries and Expenses, Foreign Economic Administration (Transfer to Agriculture, Foreign Food Programs)	- -	15,690	- -
Penalty Mail Costs, Foreign Economic Administration (Transfer to Agriculture, Foreign Food Programs)	- -	100	- -
Administrative Expenses, Reconstruction Finance Corporation (U. S. C. C.) Transfer to Agriculture, Foreign Food Programs	- -	400,000	- -
Total	- -	415,790	- -

Item	Obligations, 1945	Estimated obligations, 1946	Estimated obligations, 1947
Working Funds, (Agriculture, Production and Marketing Administration) Advances from: Commodity Credit Corporation:			
Inspection and grading of peanuts	3,847	- -	- -
Investigation of methods of caring for grain in storage	1,120	199	- -
Total, Commodity Credit Corporation	4,967	199	- -
Navy Department: Inspection and grading of farm products	390,068	323,932	- -
War Department: Inspection of processed fruits and vegetables	1,493,537	882,000	- -
Inspection of miscellaneous grains and cereal products	128,087	103,000	- -
Preparation of photographic reproduction for Central Film Library	55,955	30,000	- -
Indexing and preparation of aerial photographs for mosaics and charting purposes	97,460	190,540	- -
Total, War Department ..	1,775,039	1,205,540	- -
Office of Price Administration: Grading and certification of farm products ..	25,297	19,703	- -
Bureau of Census: Work in connection with planning and developing a method of procuring sample agricultural data in connection with program of reconversion statistics	27,326	23,674	- -
Total, Working Funds ...	2,222,697	1,573,048	- -

Item	Obligations, 1945	Estimated obligations, 1946	Estimated obligations 1947
Moisture Content and Grade Determinations for Commodity Credit Corporation: Expenses of inspecting, sampling, grading, sealing, testing and other work incident to storing agricultural commodities and making loans thereon under the Commodity loan program	2,303	6,000	6,000
Indemnity Fund, County Associations: Reimbursement to United States and other agencies or persons for losses by negligence or willful malfeasance by an employee of the County Agricultural Conservation Association	14,094	10,000	10,000
Undistributed Cotton Price Adjustment Payments: Cotton price adjustment payments which would not be paid to persons entitled thereto by the trustees who received the payments under such programs	476	500	500
Expenses and Refunds, Inspection and Grading of Farm Products, (Production and Marketing Administration): Inspection and grading of farm products under cooperative agreements	4,754,958	6,792,138	6,179,627
Grading of Agricultural Commodities for Commodity Credit Corporation, Production and Marketing Administration:			
Classification of cotton ...	309,979	255,364	332,139
Wool grading	435,161	457,789	458,557
Total	745,140	713,153	790,696
Total, Trust Funds	5,516,971	7,521,791	6,986,823
Total, obligations under supplemental funds	19,390,641	18,920,790	16,149,620

PENALTY MAIL ESTIMATE

Sec. 2, Public Law 364, 78th Congress
(Allotment to Production and Marketing Administration)*

	1945	1946	1947	Increase (+) or decrease (-) 1947 over 1946
Category 1	$253,297	$351,878	$351,878	- -
Category 2	1,190,492	1,254,869	1,206,148	-$48,721
Total	1,443,789	1,606,747	1,558,026	-48,721

*Includes provision for the agricultural conservation program, marketing services, crop insurance, Sec. 32, and other programs administered by Production and Marketing Administration.

Category 1 consists of farmers' bulletins, market reports, pamphlets, leaflets, announcements regarding price supports and crop and livestock data, informational purchase and sales reports, statistical bulletins concerning futures trading in regulated commodities, statistical and economic information on agricultural production and distribution and other publications printed or processed.

The market news reports which are sent to subscribers on request account for approximately 92 percent of the mailings in this category and average 22,000,000 pieces a year. These reports provide producers, shippers, handlers, processors, Government agencies and all other interested parties with timely, accurate and unbiased information on marketings, produce movements, stocks, and prices necessary for the orderly marketing of agricultural products. The other mailings in this category consist of regularly distributed publications to food industry members, consumers' organizations and others actively concerned with consumers' problems such as the "Food Trade Letter" averaging 8,600 pieces a week or 447,200 pieces a year.

Category 2 consists of administrative and operational correspondence including procedures and instructions on commodity loan programs, conservation practices, computation of allowances for such practices, the preparation of farm plan worksheets, information in connection with marketing quotas, production goals, price support and inventory disposal, food orders, cotton classification records, purchase and sales announcements, indemnity claims, application and agreement forms for the Community School Lunch Program, cotton samples, yield and premium rate notices to farmers, crop insurance regulations and contract acceptances, certificates of indemnity and priority applications for veterans in securing farm machinery and equipment.

The programs formulated under the Agricultural Adjustment Act of 1938 and Sections 7 to 17 inclusive of the Soil Conservation and Domestic Allotment Act are administered to assist farmers in carrying out soil-building and soil and water conservation practices to maintain, protect and rebuild the nation's soil resources while at the same time achieving the

quantity and quality of production needed. Community, county, and State committeemen carry full responsibility for the administration of these programs in the field and in addition execute other programs assigned to them such as the Sugar Program, the Crop Insurance Program and the Commodity Loan Program. Field offices, including Puerto Rico and Hawaii, community committees (approximately 35,000), and county associations (over 3,000) must be kept informed on all developments and changes in these programs in order to adequately assist the farmers of the country.

In addition to the dissemination of information to committeemen in administering programs, digests of practices, rates of payment, notices of farm plan signup meetings, etc., are sent to all producers when a new program is initiated.

The volume of mail is necessarily substantial in carrying out these activities and accounts for approximately 79 percent of the mailings in this category.

Under the provisions of the Smith-Doxey Act, all members of cotton improvement groups are entitled to free classing service. Cotton samples are drawn and sent to field offices where they are graded and stapled by Federal classers. This information is mailed to each producer on a franked tag. It is estimated that 4,000,000 tags will be mailed in 1947.

The estimated mailings by the Federal Crop Insurance Corporation for 1947 are approximately 4,600,000 pieces, including 4,500,000 notices and other items of correspondence to farmers.

Under the Farm Labor Supply Program it is necessary to correspond with foreign governments, the State Department, State Extension Services and field offices relative to the transportation, placement, shelter, feeding and medical care of foreign and domestic agricultural workers. The mailings for this program average 30,000 pieces monthly.

While the above activities reflect the principal mailings, the Production and Marketing Administration carries on numerous marketing, regulatory and related functions involving smaller mailings, the cost of which is included in this estimate.

The decrease of $48,721 for 1947 is due principally to a reduction in war food order work.

FARM SECURITY ADMINISTRATION

(a) Loans, Grants, and Rural Rehabilitation

Appropriated Funds:

Appropriation Act, 1946		$22,357,264
Anticipated supplemental for additional costs due to the Federal Employees Pay Act of 1945		+3,200,000
Reappropriation in 1946 of 1945 unobligated balance from "Loans and Grants to Farmers, 1945 Flood Damage"		+198,000
Total anticipated available, 1946		25,755,264
Budget estimate, 1947		24,000,000
Change for 1947:		
Overtime decrease	-536,900	
Other decrease	-1,218,364	-1,755,264

Authorization for borrowing from RFC for loans:

Authorization, 1946	67,500,000
Authorization, Budget estimate, 1947	67,500,000
Increase	- -

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Salaries and expenses:				
Making loans, assisting and servicing original loans	$2,350,000	$2,672,410	$2,672,410	- -
Collecting, assisting and servicing outstanding loans	18,807,193	22,216,625	21,004,060	-1,212,565 (1)
Total, project 1.	21,157,193	24,889,035	23,676,470	-1,212,565
2. Grants	196,619	250,000	250,000	- -
3. Rural rehabilitation projects	764	7,500	7,500	- -
4. Overtime costs	3,572,196	536,900	- -	-536,900
Covered into Treasury as miscellaneous receipts, Publis Law 529	14,927	- -	- -	- -
Transferred to:				
"Salaries and expenses, Division of Disbursement, Treasury Department"	74,307	70,336	64,557	-5,779 (2)
"Printing and Binding, Division of Disbursement, Treasury Department"	947	863	863	- -

(Continued on next page)

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
"Salaries and expenses, Office of the Treasurer of the United States"	3,390	580	560	-20 (2)
"Printing and binding, Office of the Treasurer of the United States" ..	380	50	50	--
"Salaries and expenses, Office of Information, Department of Agriculture"	975	--	--	--
Unobligated balance.	978,302	--	--	--
Total available, appropriated funds	26,000,000	25,755,264	24,000,000	-1,755,264
Anticipated supplemental	--	-3,200,000	--	
Reappropriation in 1946 of 1945 unobligated balance from "Loans and Grants to Farmers, 1945 Flood Damage"	--	-198,000	--	
Total, direct appropriation ...	26,000,000	22,357,264	24,000,000	
5. Loans (RFC funds)	66,907,653	67,500,000	67,500,000	--

INCREASES OR DECREASES

The decrease of $1,755,264 for 1947 consists of the decrease of $536,900 for overtime, and the following:

(1) A net decrease of $1,212,565 for "Collecting, assisting and servicing outstanding loans" composed of $1,325,565 reduction due to the fact that (a) additional economies in the organization of the Farm Security Administration will be effected and (b) the total number of old borrowers who will need advice and assistance in 1947 will be less than in 1946, while at the same time, individual county employees will be required to assist more borrowers per employee than previously, and an increase of $113,000 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

(2) Decreases of $5,779 and $20 in the transfers to the Treasury Department, representing reductions in the amount of funds estimated by that Department to cover cost of disbursing services for this program in 1947.

THE 1947 PROGRAM

The program planned for 1947, as indicated by the estimates, will be essentially the same as the program in operation during 1946. The loan funds will be required for two purposes: (a) approximately 100,000 loans for present FSA borrowers who are not yet in a position to obtain credit from other sources, to be used to increase their livestock numbers, to buy needed machinery that has not been available in recent years, and to meet current operating expenses; and (b) approximately 25,000 loans for present low-income farm families, for veterans, and for low-income farmers returning from war industries, who are not now FSA borrowers but who cannot obtain adequate credit elsewhere.

It is obvious that the total need for rehabilitation assistance among veterans and low-income farmers is much greater than is indicated by the estimate of 25,000 families to whom original loans will be made in 1947. The number of original loans estimated to be made in 1947 will limit rural rehabilitation assistance to an average of less than eight additional families per county throughout the nation. Past experience—even during the war when a lighter demand for this kind of assistance was generally assumed—indicated that the number of low-income farmers and veterans applying for rural rehabilitation loans and eligible for them will greatly exceed the number provided for in the estimate.

Practical Supervision: It is expected that the emphasis given currently to the closer integration of sound business principles with the teaching of good farm and home management practices will materially strengthen the effectiveness of the assistance provided to borrowers. The same principles, further implemented where necessary, will govern the program proposed for 1947.

The supervision borrowers receive is the greatest security the government has for money loaned under this program. By working with them on the farm and in the home, the FSA supervisor is able to help families evaluate the potentialities of farm and home and to develop an operating plan which will utilize fully their time, labor, land and capital resources. This kind of farm contact includes spot demonstrations in the planting, care and harvesting of new crops, the teaching of better farm and home management practices, and the practical application of improved methods to the families' welfare.

Such practical guidance has been the major factor contributing to the success of the more than 374,000 low-income farm families who have repaid their rehabilitation loans in full since the program was started. With the advice of supervisors, borrowers have been assisted in forming simple partnerships through which three or four small farmers obtain the use of mechanized equipment too expensive to be owned by one individual; they have been able to obtain pure-bred sire services on a joint basis; they have obtained more equitable tenure arrangements; and with

the help of local committeemen, they have scaled down old debts which they could not otherwise pay. The supervisors do everything possible and necessary, within the limits of the program, to enable borrowers to carry on an efficient total farm and home enterprise leading toward ultimate rehabilitation.

Medical Care: Good health is essential to a farmer's success. Unforeseen expenditures for emergency medical care or the chronic illness of some member of the family frequently retard his progress or cause him to fail completely. Thus the providing of adequate medical care to small farmers is one of the most significant aspects of the rural rehabilitation program. But the scarcity of doctors in rural communities has been a serious problem for many years, and the situation became acute during the war. The needs of the armed forces and the demands of expanding urban centers in the past few years brought about an appalling decline in the ratio of rural doctors to the rural population. In the extension of medical care to the whole population, there is urgent need for action along two particular lines: (a) to enable rural people to obtain adequate medical attention; and (b) to provide adequate economic opportunities for physicians in rural areas.

It is proposed that, in most of the original rural rehabilitation loans made in 1947, a small amount be included to enable the new borrowers to join existing medical care groups which have been organized by local medical groups and the FSA. These families will be in addition to those now belonging to the medical care groups and those who will join during the present fiscal year.

Grants: No change is recommended in the amount required for grants. Grant funds in 1947 will be restricted as in 1946 to disaster cases, to rural medical and health groups, and to improvement of sanitary facilities for borrowers in Puerto Rico. One of the most serious obstacles in the way of improvement of health of FSA borrowers in Puerto Rico has been the lack of sanitary water for drinking and other domestic use. Through FSA leadership local communities and governments in Puerto Rico have become interested in this problem and are cooperating by furnishing either part of the capital or the labor necessary for installation of the necessary safeguards.

Rural Rehabilitation Projects: No change is estimated in the amount required for this purpose in 1947. However, since insurance is no longer being maintained on project property, the $7,500 included in the estimate will also be used for replacement of any buildings destroyed by fire and which are found necessary for liquidation of the unit.

Economies in Administrative and Operating Costs: The FSA has been progressive in improving efficiency and in effecting economies in administrative and operating costs. Travel, communications and other expenses have been reduced to minimum requirements. The reduction estimated for the fiscal year 1947 is partially the result of a decrease in the number of borrowers needing assistance and partly the result of other economies which are being made. One example of the latter was the consolidation of the regional office at Amarillo, Texas, with the one at Dallas. In making

reductions, every effort has been made to effect maximum reductions at the national, regional, state and district levels with the minimum reductions at the county level.

(See Figure 4). A comparison of personnel by fiscal years is shown in the following schedule:

Man Years — Regular Salaried Full-Time Employees

	FISCAL YEARS					
	1942 Actual	1943 Actual	1944 Actual	1945 Actual	1946 Est.	1947 Est.
National .	938	757	479	384	409	400
Regional .	4,740	3,753	2,009	1,643	1,673	1,602
State	348	214	167	192	199	197
District .	1,073	969	869	628	697	677
County and Project .	11,946	9,169	6,923	5,895	6,009	5,524
Total	19,045	14,862	10,447	8,742	8,987	8,400

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Change No.

1 To enable the Secretary [through the War Food Administration] to continue to provide assistance through rural rehabilitation and grants to needy farmers in the United States, its Territories and possessions, including (1) loans to needy individual farmers, (2) grants, (3) making and servicing of loans and grants under this and prior laws, (4) farm debt adjustment service, (5) liquidation as expeditiously as possible of Federal rural rehabilitation
2 projects [under the supervision of the War Food Administration], and (6) servicing and collecting loans made under the provisions of the Act of July 12, 1943, Public Law 140, as amended, [$22,357,264]
3 $24,000,000, [together with not to exceed $198,000 of the unobligated balance of the appropriation made to carry out the provisions
4 of said Act,] which [sums] sum shall be also available for necessary administrative expenses incident to the foregoing, including personal services in the District of Columbia and elsewhere; not to exceed $57,000 for employment pursuant to the second sentence of section 706(a) of the [Act of September 21, 1944 (Public Law
5 425] Department of Agriculture Organic Act of 1944 (5 U.S.C. 574); purchase of lawbooks, books of reference, periodicals, and not to exceed $1,000 for newspapers; and printing and binding:
6 Provided, That the [War Food Administrator] Secretary shall transmit to the Congress semiannually a progress report * * *

* * * * *

Change No.

None of the moneys appropriated or otherwise authorized under this caption "Loans, grants, and rural rehabilitation", shall be used * * * for any expenditure other than that deemed necessary,
7 in the discretion of the [Administrator] Secretary, for the production of agricultural commodities.

* * * * *

8 [No part of the appropriation herein made under the heading "Loans, grants, and rural rehabilitation", shall be available to pay the compensation of any person appointed in accordance with the civil-service laws.]

The first and second changes eliminate reference to the War Food Administration since that Administration was abolished by Executive Order 9577.

The third change eliminates the transfer of funds for the purpose of servicing and collecting loans made under the provisions of the Act of July 12, 1943, Public Law 140, as amended, since this work will be performed by employees during the fiscal year 1947 in connection with their rural rehabilitation servicing activities and the expenses therefor will be paid from the appropriation for that purpose.

The fourth change substitutes the word "sum" for the word "sums" which was necessitated by the transfer of funds authorized in the 1946 Agricultural Appropriation Act as discussed in the preceding change in language.

The fifth change is merely for the purpose of incorporating in the language a reference to the title of the basic law and the related code citation applicable to the special limitation on employment.

The sixth and seventh changes eliminate the words "War Food Administrator" and "Administrator" and substitute therefor the word "Secretary" since the War Food Administration was abolished by Executive Order 9577.

The eighth change deletes the last paragraph which prohibits the payment of any part of the appropriation made under the heading "Loans, Grants, and Rural Rehabilitation" for the compensation of any person appointed in accordance with civil service laws. The work performed under this appropriation is integrated with work performed under other appropriations under which the employees have acquired civil service status. All employees, regardless of the source of funds from which their salaries are being paid, work side by side and often do similar work. Further, the employees, being paid from this appropriation are on the same salary scale (with the exception of some employees in Puerto Rico and the Virgin Islands) as employees who have civil service status. The removal of this provision, therefore, would not result in any increase in salaries of such employees but would eliminate inequities now existing within the Farm Security Administration and as compared to employees in other bureaus within the Department, and would relieve many administrative difficulties.

WORK UNDER THIS APPROPRIATION

Objective: To provide reasonable credit and practical supervision and/or guidance to an additional number of worthy low-income farm families who are unable to obtain necessary financial assistance from any other source, in order that they may have the opportunity for full, productive employment on the land, with permanent rehabilitation as a goal; to continue such rehabilitation assistance to present borrowers who are making progress toward economic security and who need additional credit or farm and home management advice to attain that objective; to provide these services to eligible war veterans and displaced war workers who wish to become established on the land, but who are unable to secure satisfactory credit from any lending institution, and who need practical supervision, for a few years, in planning and managing their farm and home operations.

The Problem and its Significance: Even under the favorable agricultural situation that exists today, there are farm families in virtually every rural community throughout the nation who do not produce enough crops or livestock to pay their normal farm operating expenses, to provide enough food and clothing to meet their minimum needs, and to pay their debts. Because they were unable to adjust or to expand their operations, they have received relatively little benefit from the higher prices and the increased demands that have prevailed for all kinds of farm products during the war period. Most of these families fail simply because they are faced with problems which they cannot overcome without assistance. The number of farm families living under such meager circumstances is surprisingly large.

According to the report, "War-Time Production Adjustments on Small Farms", published by the Bureau of Agricultural Economics in November, 1944, about two-thirds of the farms of the United States, based on the census count of 1940, could be regarded as "small" farms in the sense that they have a volume of business too small to employ fully the labor of a typical farm family at usual levels of efficiency. These farms, numbering about 4,000,000, contain approximately 40 percent of the nation's crop land. There are 1,500,000 farms in this group that may be considered too small for efficient farm units. There are 850,000 which are large enough to be regarded as farm units, but too small to make it likely that many of them could be expanded to occupy fully the time of a farm family without the addition of more land. However, approximately 1.8 million of the 4,000,000 farms are of sufficient size to occupy fully the time of a typical farm family, provided needed, sound and practical adjustments are made in the plan of operation.

Since this study was based on actual operations of the selected farms during the war period when prices were high and when every effort was being made to increase farm production to the highest possible level, it is a reasonable conclusion that most of the farmers in this latter group have failed to adjust, or to expand, their operations either because they lack adequate credit, or because they need technical

guidance and advice to assist them in making the necessary and proper adjustments in their plan of operation. Without such assistance, there is little hope for improvement in the situation of many of these farmers.

Such adjustments as are necessary to enable these farmers to change their pattern of farming, or to acquire the additional livestock or equipment needed for balanced and profitable farm operations, generally must be planned and worked out over a period of several years, usually ranging from three to five. Seasonal or short-term credit, even if available, will not meet the requirements of many of these farmers. Farm families in the low-income group generally are not regarded as good credit risks by private or commercial credit institutions.

Because so few of these families have had the actual experience of planning and managing a sound farm program, they need advice and practical guidance from technicians trained in agriculture and home economics in working out needed adjustments in their farm and home enterprises. They also need training in the best methods of planting and cultivating their crops, of feeding their children as well as their livestock, and in the doing of many other jobs necessary for the successful operation and management of their farms and homes.

In addition to the tremendous need for rural rehabilitation assistance which exists among present farm operators, two other factors are very significant in a consideration of the total need for this service in 1947:

(1) An increasing number of eligible veterans of World War II will require rehabilitation assistance in getting themselves established on farms.

(2) Many war workers who went from farms into industry will return to farms during the reconversion period and will require rural rehabilitation assistance.

Many men released from military service and war plants who plan to return to agriculture, grew up on small, inefficiently operated farms. Many are from low-income rural families now receiving FSA assistance. With such a limited background of training and experience, they will need advice and guidance in sound agricultural methods, in addition to sound credit, if they are to succeed at farming. Based on applications for assistance received up to this time, it is obvious that many veterans of the second world war are unable to find private lenders willing to finance them in making a sound start as farmers with good changes of success. More than 33,000 veterans of the first world war have found it necessary to obtain rural rehabilitation assistance through the Farm Security Administration. As of June 30, 1945, more than 2,500 veterans of World War II had received rehabilitation loans, and the number of applications from eligible veterans is increasing steadily month by month. (See Table X)

The progress of families who have received FSA assistance shows that the small farmers can, and generally will, succeed in improving their situation if they are given the opportunity. Such families are enjoying a higher standard of living and greater economic security; they have better health; and thus they are better citizens in their communities. They have contributed their part toward the winning of the war and are better able to shoulder their responsibilities to keep us a strong and prosperous nation in the years ahead.

This same type of assistance is needed by thousands of other low-income farmers who have the labor, the desire, the inherent ability, and who have or can acquire the land necessary to enable them to adjust or to expand their farm enterprises in line with requirements to place their operations on a sound, adequate and self-sufficient basis.

Progress and Current Program: The program for 1946 is essentially the same as that of 1945. Every effort will be made to reach as many additional families who need this type of assistance as is possible with the loan funds available. From the $67,500,000 authorized for rehabilitation loans in 1945, initial loans were made to 24,996 low-income farm families, and supplemental loans were made to 102,890 borrowers who needed further assistance to continue their progress toward rehabilitation. (See Table IV.) The number of new and supplemental loans to be made in 1946 will be approximately the same as in 1945.

The basic methods and policies followed in 1945 are summarized below. These will be fundamental in the 1946 program.

(a) Greater emphasis was given to the principle that a sound farm and home plan, developed by the borrower with the assistance of the FSA supervisor, is the foundation of rural rehabilitation. Such a plan makes the borrower and his family aware of the improvements needed in farm and home management practices, and is a practical chart for achieving those improvements within the limits of their resources and capacities. It stimulates the family's initiative. The plan also provides Farm Security with a sound basis for its lending, supervisory, and collecting activities.

(b) The family's tenure status is considered carefully before a loan is approved. Under short-time leases it is difficult, if not impossible, for tenants to carry on well-balanced farming. Too often the land is used inefficiently and without full benefit to either landowner or tenant. Before the loan is made, the family must obtain an acceptable lease on land that is adequate in type and size. About 85 percent of the tenant families on the rehabilitation program now have written leases, many of them covering two to five years.

(c) Borrowers are encouraged to produce as much as possible of their food and family living needs and feed for livestock, in order to reduce cash expenses and at the same time have a higher standard of living. Health is improved through adequate gardens, ample home canning and storage of food, guidance in meal planning and nutrition, production

of subsistence livestock for home requirements, and maintenance of pure water supply and sanitary facilities.

(d) As an aid to rehabilitation, the FSA has continued to assist small farmers in obtaining medical care at a cost they can afford. It was recognized in the early days of rural rehabilitation that unexpected expenses for emergency medical care, or the chronic illness of some member of the family, often prevented the farmer from getting ahead, or even caused him to fail completely. The FSA and the State and local medical societies worked out arrangements that enabled borrowers in a county or district to form a group and prepay their annual fees into a pooled fund to cover the medical bills of the group. Membership is voluntary and the families have free choice of participating physicians, dentists or hospitals.

(e) The FSA encourages borrowers to join with their neighbors in acquiring such items as machinery and better herd sires which they cannot afford to own individually. Loans are made to individual farmers needing financial assistance for this purpose. These group services enable low-income farmers to keep capital investment in line with size of operations and yet take advantage of modern production methods and equipment.

(f) The services of County FSA Committees were used more fully in 1945 than previously in an effort to spread the benefits of rehabilitation assistance to the maximum number of worthy low-income farmers. These Committees must approve all applications for original loans before such loans can be made. The Committees also review annually the progress of families who have been borrowers for three full crop years, as well as families whose problems are particularly serious and require special attention regardless of how long they have been borrowers.

(g) A maximum repayment period of five years for rehabilitation loans to any individual has been established, thus reducing the probability that families will be retained as borrowers longer than necessary.

(h) Every loan is limited to an amount determined by a sound farm and home plan, and no loan is made unless the plan shows that the money to be borrowed can be repaid. The policy on loan renewals conforms with sound business practices; renewals are limited to cases where there is a reasonable chance of rehabilitation or where such action increases the probability of collection without jeopardizing the Government's interest.

(i) Collection activity has become an integral part of the planning and supervisory work with borrowers, and each borrower has been impressed with the importance of meeting his obligation in accordance with his repayment schedule.

Borrowers' Financial Status: Studies of borrowers' status in 1945, are being made. A comparison of several items in their 1944 records with similar data for 1943 has recently been completed, and from the following summary it can be observed that there was continued improvement in the general averages of the active borrower group (See Table V for information by states):

Averages of Selected Items for Active Standard RR Borrowers

		Average	
		1944 1/	1943 2/
Acres in crops	Acres	74	62
Value in working capital	$	2,185	1,793
Total owned end of year 3/		3,857	3,554
RR debt outstanding		776	802
Total owed end of year		1,335	1,255
Net worth end of year		2,522	2,300
Gross family income		2,261	2,072
Gross farm income		1,836	1,724
Cash farm income		1,395	1,374
Crop sales		553	480
Livestock and livestock product sales		830	894
Other farm income		12	
Value of food and fuel 4/		441	350
Conservation and crop bonus payments		45	43
Income from off-farm work		299	264
Other non-farm income		81	34
Farm Operating expenses		810	676
Net family income		1,451	1,376

1/ 1944 RR Family Status Report of Standard Rural Rehabilitation Borrowers Active in 1944.
2/ 1943 Family Progress Report of Standard Rural Rehabilitation Borrowers Active in 1943.
3/ Includes real estate.
4/ Produced on the home farm and used in the home during the year.

Improvements in Farming and Living Conditions: Statistics, such as those shown in the table above tell only a part of the story of the progress these families are making toward rehabilitation. Their progress in other respects is of far greater significance. Rehabilitation borrowers are attaining greater security and a more useful place in agriculture, because of better tenure, wiser planning of their enterprises, and more efficient farm and home management practices. They are improving and conserving the soil, building up livestock and poultry programs. They are making the fundamental adjustments in their farming which will assure stability in the future. Borrowers are obtaining more

adequate household furnishings, raising and conserving more food for home use, improving health and safety conditions in the home and on the farm, providing their children with greater opportunities for education. As these families overcome the handicaps of low-income and insecurity through the use of improved methods and sound financing, they become more active in community and civic affairs, assuming their obligations and exercising their privileges as citizens more fully.

Loans: From the beginning of this program in 1935 to June 30, 1945, rural rehabilitation assistance, in the form of reasonable loans and practical guidance in farm and home planning and management, has been made available to more than 890,000 low-income farm families throughout the nation. These families were unable to secure from any other source the necessary financing to enable them to carry on adequate and self-supporting farm operations. As of June 30, 1945, over 374,000 of these borrowers had repaid their indebtedness to the Government in full. Very few of these farmers will require further loans from the Farm Security Administration.

Collection on Rehabilitation Loans: Total collections in 1945 amounted to $122,014,807 (See Table VI and Figure 1). As of June 30, 1945, 64.2 percent of the principal advanced in rehabilitation loans since 1935 had been repaid. Cumulative principal and interest payments amounted to 73.2 percent of cumulative advances. The amount of principal repaid, including prepayments, was 89.8 percent of the amount which had come due (See Tables VII and VIII and Figures 2 and 3).

Probable Losses: To determine as accurately as possible the probable ultimate losses the Government will sustain on rehabilitation loans, the County FSA Supervisors have made a careful analysis of every rehabilitation loan to an individual (except active cases) on which there was an unpaid balance as of December 31, 1944. On the basis of this review, it is estimated that of the total loans to individuals amounting to $813,278,988, a total of $729,716,078 will be collected, leaving an estimated loss of only $83,562,910, or 10.3 percent of the amount loaned. It is significant that the estimated loss from loans made during the six years from 1938 through 1943 is less than the estimated loss from loans made in the three years 1935, 1936 and 1937. Taking into consideration cooperative and other types of loans made under the rural rehabilitation program, it is estimated that losses on loans made through December 31, 1944, will not exceed $100,000,000 to $115,000,000.

Grants: Grant funds were used in 1945 only to relieve human suffering, to aid medical care and health groups, and to further the environmental sanitation work in Puerto Rico. Grants made in emergency cases to relieve human suffering totaled $200. Grants for medical care programs totaled $174,550. Grants for furthering the environmental sanitation work in Puerto Rico, where sanitary conditions and the lack of pure water have seriously retarded the rehabilitation of needy families, totaled $21,869 (See Table IX).

Project Liquidation:

152 Resettlement Projects: As of June 30, 1945, the number of unsold resettlement project farm units had been reduced to 1,434, involving approximately 80,000 acres, as compared to 2,532 units consisting of approximately 196,000 acres unsold as of June 30, 1944. Seventy-one of the 152 projects had been completely liquidated, including the disposition of all community facilities, surplus acreage, etc., leaving 81 projects on which some liquidation activity is yet to be performed. It is anticipated that the majority of the remaining farm units will be sold prior to June 30, 1946 (See Table I).

The total investment of the Government in the 152 resettlement projects as of June 30, 1945, was $70,775,970, of which $13,092,379 represented the cost of community facilities and other costs not applicable to reorganized farm units. Of the $57,683,591 representing the total cost of reorganized farm units, $29,245,447 has been recovered through sales, resulting in a net loss of $18,906,305. Project property costing $1,634,928 has been transferred or conveyed to other agencies. The farm units yet to be sold represent a capital investment of $7,896,911 (See Tables II and III).

Of the project property other than farm units and consisting of community facilities, surplus land and surplus residential property having a cost value of $13,092,379, disposition has been made as of June 30, 1945, of property in the amount of $3,520,028. This compares to total dispositions as of June 30, 1944, of $1,065,206. On June 30, 1945, there remained unsold property representing a capital investment of $9,572,351 and involving approximately 145,000 acres.

Defense Relocation Corporations: Land purchases by the defense relocation corporations were financed through loans from the FSA. Cumulative loan advances amounted to $9,921,768. As of June 30, 1945, principal in the amount of $890,900 had fallen due and $1,714,520 had been repaid. In addition, interest payment of $663,443 had been made. Of the total collections amounting to $2,377,963, $2,025,208 was received during the fiscal year 1945. Of the total acreage, 257,433 - the cost of which, including development, amounted to $10,227,192 - 83,427 acres were sold as of June 30, 1945, for $2,591,670. This compares to acres sold on June 30, 1944, of 23,140.

Land Purchasing Associations: Land purchases by the land purchasing associations were financed through loans from the FSA, and information is not available as to the cost of such land. However, as of June 30, 1945, the Government investment as represented by the loans is as follows: Advances, $5,869,611; Principal due, $1,789,875; Principal Repayments, $1,605,022; Interest Payments, $201,390. Of the total collections of $1,806,412, $1,183,825 was received during the fiscal year 1945.

Miscellaneous Projects: On eleven of the fourteen miscellaneous projects for which land was acquired by direct purchase, the Government investment amounted to $1,372,710. Of the 131,506 acres involved in these eleven projects, 24,416 acres had been sold as of June 30, 1945, as compared to 21,044 on June 30, 1944.

The other three projects--Cherry Lake Farms, Florida, Pine Mountain Valley, Georgia, and Dyess Farms, Arkansas--were developed with funds granted to the States by the Federal Emergency Relief Administration and were turned over to the Farm Security Administration for management in November, 1939. The property in each instance is in the name of a corporation established while under the jurisdiction of the Federal Emergency Relief Administration, and the total cost of each project is not available to the Farm Security Administration. However, loans in the amount of $940,720 were made by FSA to associations on two of the projects. As of June 30, 1945, $226,486 had fallen due and $233,072 had been repaid, plus $63,327 in interest. Of the total 36,341 acres originally acquired, 20,102 acres have been sold as of June 30, 1945, as compared to 17,232 sold on June 30, 1944.

Farm Labor Supply Centers: As of June 30, 1945, 1,859 acres of land formerly used in connection with the Farm Labor Supply Program had been returned to Farm Security Administration. Of this total, 177 acres represented surplus land of two centers and the remaining 1,682 acres comprised the Delmo Labor Homes in Missouri, none of which had been sold on June 30, 1945.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table I Report of Project Liquidations as of June 30, 1945

PROJECT NAME, COUNTY and STATE [1]	Number of Units on Project After Reorganization					
	Number of Units for Which Contracts Have Been Signed by Purchasers			Number of Units Not Now Sold But to Be Sold	Transferred or Conveyed	TOTAL
	Total Number of Contracts Signed	In Process Between Project and Regional Office	Finally Approved by FSA			
IN PROCESS OF LIQUIDATION						
Alabama						
Alabama Farm Tenant Security, Autauga and 17 Others	94		94		2	96
Alabama Scattered Farms, Clay and 6 Others	28		28			28
Coffee Farms, Coffee and 4 Others	212		212	1		213
Gee's Bend, Wilcox	88		88	11		99
Prairie Farms, Macon	26		26	9		35
Skyline Farms, Jackson	66		66	72		138
Arizona						
Casa Grande Valley Farms, Pinal				61		61
Arkansas						
Arkansas Farm Tenant Security, Clark and 4 Others	55		55	1		56
Bisoco, Prairie and St. Francis	70		70	1		71
Central and Western Arkansas Valley, Conway and 8 Others	65		65	5	1	71
Chicot Farms, Chicot and Drew	24		24	77		101
Clover Bend Farms, Lawrence	76		76	1		77
Desha Farms, Desha and Drew	78		78	7		85
Lake Dick, Jefferson and Arkansas	10		10	53		63
Lakeview, Lee and Phillips	124		124	11		135
Lonoke Farms, Lonoke	42		42			42
Northwest Arkansas Farms, Benton and Washington	31		31	2		33
Plum Bayou Homesteads, Jefferson	141		141	10		151
St. Francis River Farms, Poinsett	81		81	1		82
Colorado						
San Luis Valley Farms, Alamosa and Rio Grande	63		63	9		72
Western Slope Farms, Delta, Mesa and Montrose	73		73	13		86
Florida						
Escambia Farms, Okaloosa	40		40	44		84
Florida Scattered Farms, Jafferson and 2 Others	50		50	18		68
Georgia						
Brier Patch Farms, Putnam	22		22			22
Flint River Farms, Macon	86		86	63		149
Georgia Farm Tenant Security, Barrow and 32 Others	106		106			106
Greene County Project, Greene	39		39	55		94
Irwinville, Irwin	103		103	5		108
Piedmont Homesteads, Jasper	44		44	6		50
Wolf Creek, Grady	21		21			21
Idaho						
Boundary Farms, Boundary	2		2	33		35
Indiana						
Wabash Farms, Daviess and 6 Others	90		90	22		112
Kentucky						
Christian-Trigg, Christian and Trigg	90		90		6	96
Louisiana						
Louisiana Farm Tenant Security, Caldwell and 6 Others	101		101	1		102
Mounds Farms, Madison and East Carroll	142		142	5		147
Terrabonna, Terrebonne	52		52	3		55
Transylvania Farms, East Carroll	165		165	1		166
Maine						
State of Maine Farms, Androscoggin and 11 Others	51		51	4	11	66
Minnesota						
Beltrami Island Farms, Beltrami and 9 Others	231		231	4		235
Mississippi						
Hinds Farms, Hinds	72		72	1		73
Lucadale Farms, George and Greene	92		92	3		95
Milaston Farms, Holmes	107		107			107
Mississippi Farm Tenant Security, Bolivar and 4 Others	266		266	14		280
Northeast Mississippi Farms, Oktibbeha and 6 Others	79		79	3	11	93
Missouri						
LaForge Farms, New Madrid	99		99	1		100
Osage Farms, Pettis	50		50	10		60

PROJECT NAME, COUNTY and STATE	Number of Units on Project After Reorganization: Number of Units for Which Contracts Have Been Signed by Purchasers: Total Number of Contracts Signed	In Process Between Project and Regional Office	Finally Approved by FSA	Number of Units Not Now Sold But to Be Sold	Transferred or Conveyed	TOTAL
Montana						
Fairfield Bench Farms, Teton and Cascade	88		88	27		115
Kinsey Flats, Custer				81		81
Milk River Farms, Blaine and 2 Others	120		120	29		149
Nebraska						
Fairbury Farmsteads, Jefferson	4		4	3		7
New Mexico						
Bosque, Valencia	34		34	8		42
El Pueblo Grazing Project, San Miguel						0
New York						
Finger Lake Farms, Cayuga and 4 Others	44		44	8	3	55
New York Valley Farms, Allegany and 8 Others	29		29	3	2	34
North Carolina						
North Carolina Farm Tenant Security, Wayne and 4 Others	91		91	2		93
North Carolina Scattered Farms, Alleghany and 7 Others	30		30		2	32
Pembroke Farms, Robeson	54		54	26		80
Penderlee Homesteads, Pender	66		66	128		194
Roanoke Farms and Tillary, Halifax	138		138	135		273
Bouppernong Farms, Tyrell and Washington	11		11	88		99
Wolf Pit Farms, Richmond	27		27	9		36
North Dakota						
Burlington Project, Ward	1		1	34		35
Ohio						
Scioto Farms, Ross and 3 Others	121		121	1		122
Oregon						
Yamhill Farms, Polk and 2 Others	99		99	1	3	103
South Carolina						
Allendale Farms, Allendale	113		113	5		118
Ashwood Plantation, Lee and Sumter	126		126	24		150
Orangeburg Farms, Calhoun and Orangeburg	50		50	30		80
South Carolina Farm Tenant Security, Aiken and 13 Others	55		55			55
South Carolina Scattered Farms, Union and 3 Others	22		22			22
Tiverton Farms, Sumter	19		19	10		29
Tennessee						
Tennessee Farm Tenant Security, Carroll and 4 Others	117		117	4	13	134
Texas						
Fannin Farms, Fannin	32		32			32
Ropesville Farms, Hockley	78		78			78
Sabine Farms, Harrison and Panola	80		80			80
Sam Houston Farms, Harris	28		28			28
Wichita Valley Farms, Wichita	90		90			90
Virginia						
Shenandoah Homesteads, Greene and 4 Others	85		85	53	16	154
Virgin Islands						
St. Croix Homesteads	86		86	42		128
St. Thomas Homesteads	34		34	41	5	80
Washington						
Washington Scattered Farms, Snohomish and 14 Others	131		131	1	2	134
Wisconsin						
Langlade and Oneida Project, Langlade and Oneida						0
SUB TOTAL	5,750		5,750	1,434	77	7,261
LIQUIDATED						
Alabama						
West Central Alabama Farms, Tuscaloosa						0
Arkansas						
Kalso Farms, Desha						0
Townes Farms, Crittenden	31		31			31
Trumann Farms, Poinsett	54		54			54

PROJECT NAME, COUNTY and STATE	Number of Units on Project After Reorganization: Number of Units for Which Contracts Have Been Signed by Purchasers: Total Number of Contracts Signed	In Process Between Project and Regional Office	Finally Approved by FSA	Number of Units Not Now Sold But to Be Sold	Transferred or Conveyed	TOTAL
California						
Mendocino Resettlement Project, Mendocino and Santa Cruz	4		4			4
Colorado						
Colorado Scattered Farms, Mesa	1		1			1
Las Animas Farms, Las Animas	1		1			1
Florida						
Jacksonville Homesteads, Duval						0
Georgia						
Georgia Scattered Farms, Randolph and Polk						0
Idaho						
Idaho Scattered Farms, Ada and 16 Others	81		81			81
Illinois						
Southern Illinois Homesteads, Franklin						0
Indiana						
Rehabilitation Demonstration Farms, Sipley						0
Kansas						
Kansas Scattered Farms, Jackson and 3 Others	7		7			7
Northeastern Kansas Farms, Jackson and 3 Others	16		16		1	17
Kentucky						
Sublimity Forest Community, Laurel					66	66
Michigan						
Au Sable Area, Otsego						0
Cheboygan Farms, Cheboygan	2		2			2
Corporation Farms and Real Estate, Antrim and 13 Others	18		18			18
Johannesburg Farms, Otsego and 5 Others	15		15			15
Potato Warehouses, Iron and 8 Others						0
Saginaw Valley, Saginaw	30		30			30
Southern Michigan Farms, Ionia and 9 Others	67		67		2	69
Minnesota						
Albert Lea Homesteads, Freeborn	14		14			14
Central Minnesota Farms, Pope and 6 Others	105		105			105
Ethan Allen, Itasca	3		3			3
Minnesota Scattered Farms, Becker and 8 Others	10		10			10
Thief River Falls Farms, Marshall and 3 Others	111		111			111
Mississippi						
Mississippi Rehabilitation Farms, Lawrence	1		1			1
Richton Homesteads, Perry					26	26
Missouri						
Rehabilitation Demonstration Farms, Boone and 19 Others	48		48			48
Nebraska						
Falls City Farmsteads, Richardson	3		3			3
Grand Island Farmsteads, Hall	11		11			11
Kearney Farmsteads, Buffalo	4		4			4
Loup City Farmsteads, Sherman	3		3			3
Republican Valley Farmsteads, Harlan	1		1			1
Scottsbluff Farmsteads, Scottsbluff	23		23		1	24
South Sioux City Farmsteads, Dakota	22		22			22
Two Rivers, Douglas	37		37		4	41
New Mexico						
Dona Ana Farms, Dona Ana	5		5			5
New Mexico Farms, De Baca	22		22			22
New Mexico Scattered Farms, De Baca	2		2			2
Silver City Farms, Grant	4		4			4
North Dakota						
North Dakota Scattered Farms, McLean and 3 Others	1		1			1
Red River Valley Farms, Cass and Traill	131		131		1	132
Oklahoma						
Eastern Oklahoma Farms, Osage and 4 Others	75		75			75
Oklahoma Farm Tenant Security, Garvin and 7 Others	53		53		10	63
101 Ranch Farms, Payne and 3 Others	49		49			49
Tulsa County Homesteads, Tulsa	1		1			1

PROJECT NAME, COUNTY and STATE	Number of Units on Project After Reorganization					
	Number of Units for Which Contracts Have Been Signed by Purchasers			Number of Units Not Now Sold But to Be Sold	Transferred or Conveyed	TOTAL
	Total Number of Contracts Signed	In Process Between Project and Regional Office	Finally Approved by FSA			
Pennsylvania						
Northampton Farms, Northampton	5		5		1	6
Pennsylvania Farms, Bradford and 8 Others	35		35		2	37
South Dakota						
Eastern South Dakota Farms, Brookings and 2 Others	37		37			37
Sioux Falls, Minnehaha	13		13			13
Spearfish, Lawrence	1		1			1
Tennessee						
Goodlettsville Farms, Davidson	1		1			1
Texas						
McLennan Farms, McLennan	19		19			19
Mexia Colony, Limestone						0 1/
Nacogdoches Farms, Nacogdoches						0
Texas Farm Tenant Security, Collin and 15 Others	94		94		12	106
Woodlake Community, Trinity	59		59			59
Utah						
Sevier Valley Farms, Garfield and 5 Others	18		18			18
Widstoe Resettlement Project, Garfield and 3 Others	15		15			15
Virginia						
Colonial Acres, Mathews and 2 Others	2		2			2
Washington						
Snohomish Farms, Snohomish and 2 Others	43		43			43
Wisconsin						
Central Wisconsin Farms, Clark and 3 Others	72		72			72
Drummond Forest Community, Forest					32	32
Lakewood-Crandon Farms, Bayfield and 4 Others	24		24			24
Monroe County Retirement Homesteads, Monroe	6		6			6
Northern Pine Retirement Homesteads, Forest and Langlade	9		9			9
West Bend Farm, Washington						0
Wisconsin Scattered Farms, Monroe and 4 Others	7		7			7
Vulcan Corporation, Forest	Combined with Northern Pine Retirement Homesteads					
SUB TOTAL	1,526		1,526		158	1,684
GRAND TOTAL	7,276		7,276	1,434	235	8,945

1/ 844 acres have been transferred to the War Department on a use permit basis.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table II Report of Project Operating Cost and Income
as of June 30, 1945

PROJECT NAME, COUNTY and STATE	Operating Expenses Cumulative as of December 31, 1944			Operating Expenses January 1, 1945 to June 30, 1945			Total Cumulative Operating Expense to June 30, 1945	Income		
	Management	Operation Maintenance, etc.	Total 1/	Management	Operation Maintenance, etc.	Total		Cumulative to 3/ December 31, 1944	January 1 to June 30, 1945	Total Cumulative Income to June 30, 1945
IN PROCESS OF LIQUIDATION										
Alabama										
Alabama Farm Tenant Security, Autauga and 17 Others	$ 30,145.86	$ 29,977.00	$ 60,122.86	$ 93.14		$ 93.14	$ 60,216.00	$ 75,631.37	$ 283.41	$ 75,914.78
Alabama Scattered Farms, Clay and 6 Others	70.82	9,266.11	9,336.93				9,336.93	22,721.82	335.39	23,057.21
Coffee Farms, Coffee and 4 Others	171,329.40	169,701.79	341,031.19	7,659.26	$ 75.92	7,735.18	348,766.37	234,652.92	5,388.20	240,041.12
Coe's Bend, Wilcox	45,870.36	32,849.76	78,720.12	1,009.95	161.73	1,171.68	79,891.80	52,286.22	2,680.36	54,966.58
Prairie Farms, Macon	34,659.46	11,190.43	45,849.89	110.00		110.00	45,959.89	18,100.15	286.18	18,386.33
Skyline Farms, Jackson	102,553.93	81,019.09	183,573.02	3,952.05	513.12	4,465.17	188,038.19	41,215.36	2,035.62	43,250.98
Arizona										
Casa Grande Valley Farms, Pinal	46,590.45	76,175.92	122,766.37	794.81	4,304.54	5,099.35	127,865.72	178,825.39	39,814.16	218,639.55
Arkansas										
Arkansas Farm Tenant Security, Clark and 4 Others	50,616.82	41,702.74	92,319.56		252.29	252.29	92,571.85	69,412.86	329.98	69,742.84
Bisco, Prairie and St. Francis	45,435.41	24,079.91	69,515.32				69,515.32	59,340.26	393.85	59,734.11
Central and Western Arkansas Valley, Conway and 8 Others	57,163.84	33,140.02	90,303.86	108.72	85.28	194.00	90,497.86	38,342.09	847.29	39,189.38
Chicot Farms, Chicot and Drew	44,374.98	101,761.34	146,136.32	312.60		312.60	146,448.92	24,836.95	1,593.28	26,430.23
Clover Bend Farms, Lawrence	49,493.76	33,364.68	82,858.44				82,858.44	77,157.55	79.40	77,236.95
Desha Farms, Desha and Drew	48,964.92	36,416.99	85,381.91		235.27	235.27	85,617.18	68,795.26	534.42	69,329.68
Lake Disk, Jefferson and Arkansas	59,120.88	68,496.33	127,617.21	101.00	695.61	796.61	128,413.82	118,318.10	4,619.96	122,938.06
Lakeview, Lee and Phillips	74,920.54	78,047.02	152,967.56	150.00	987.50	1,137.50	154,105.06	128,098.01	455.88	128,553.89
Lonoke Farms, Lonoke	29,916.65	28,024.71	57,941.36				57,941.36	35,245.24	422.99	35,668.23
Northwest Arkansas Farms, Benton and Washington	39,319.37	13,630.26	52,949.63	100.00		100.00	53,049.63	16,824.42	75.00	16,899.42
Plum Bayou Homesteads, Jefferson	82,095.71	223,612.73	305,708.44		840.93	840.93	306,549.37	166,732.54	3,859.09	170,591.63
St. Francis River Farms, Poinsett	18,728.56	73,625.47	92,354.03	200.00		200.00	92,554.03	92,863.72	353.31	93,217.03
Colorado										
San Luis Valley Farms, Alamosa and Rio Grande	79,897.81	195,773.39	275,671.20	415.00	690.00	1,105.00	276,776.20	34,480.90	6,195.18	40,676.08
Western Slope Farms, Delta, Mesa and Montrose	85,541.68	251,254.96	336,796.64	783.00		783.00	337,579.64	124,890.49	11,393.13	136,283.62
Florida										
Escambia Farms, Okaloosa	55,048.04	36,477.39	91,525.43	4,059.06	144.10	4,203.16	95,728.59	14,834.91	2,244.86	17,079.77
Florida Scattered Farms, Jefferson and 2 Others	29,279.35	23,958.81	53,238.16		656.38	656.38	53,894.54	40,329.91	317.00	40,646.91
Georgia										
Briar Patch Farms, Putnam	18,908.23	15,198.21	34,106.44	407.43		407.43	34,513.87	203,880.49	278.83	204,159.32
Flint River Farms, Macon	67,043.44	36,851.98	103,895.42	150.98	1,909.07	2,060.05	105,955.47	59,958.36	288.04	60,246.40
Georgia Farm Tenant Security, Barrow and 32 Others	27,198.53	33,037.89	60,236.42	27.81		27.81	60,264.23	60,678.10	382.46	61,060.56
Greene County Project, Greene	505.87	20,546.78	21,052.65	5,755.87	4,686.40	10,442.27	31,494.92	18,587.87	115,645.50	134,233.37
Irwinville, Irwin	74,267.27	67,523.32	141,790.59	1,211.60	53.21	1,264.81	143,055.40	91,440.95	273.08	91,714.03
Piedmont Homesteads, Jasper	56,852.91	68,010.36	124,863.27	640.00		640.00	125,503.27	29,035.44	645.25	29,680.69
Wolf Creek, Grady	30,319.00	9,922.97	40,241.97	77.85		77.85	40,319.82	19,393.52		19,393.52
Idaho										
Boundary Farms, Boundary	45,919.76	119,428.45	165,348.21	25.00	1,324.52	1,349.52	166,697.73	37,771.34	5,992.55	43,763.89
Indiana										
Wabash Farms, Daviess and 6 Others	81,855.26	149,397.55	231,252.81	627.04	194.28	821.32	232,074.13	95,109.23	13,125.38	108,234.61
Kentucky										
Christian-Trigg Farms, Christian and Trigg	70,807.65	71,547.71	142,355.36		575.51	575.51	142,930.87	141,917.09	3,144.60	145,061.69
Louisiana										
Louisiana Farm Tenant Security, Caldwell and 6 Others	77,171.02	59,299.25	136,470.27		177.70	177.70	136,647.97	109,121.81	323.26	109,445.07
Mounds Farms, Madison and East Carroll	25,564.00	39,461.49	65,025.49	288.16	668.08	956.24	65,981.73	64,105.02	6,450.58	70,555.60
Terrebonne, Terrebonne	41,786.87	26,429.55	68,216.42		1,295.60	1,295.60	69,512.02	22,928.59	3,786.96	26,715.55
Transylvania Farms, East Carroll	37,055.01	39,585.43	76,640.44	5.60		5.60	76,646.04	195,257.54	4,647.14	199,904.68
Maine										
State of Maine Farms, Androscoggin and 11 Others	37,676.03	66,373.26	104,049.29	20.00	210.31	230.31	104,279.60	25,416.16	536.57	25,952.73
Minnesota										
Beltrami Island Farms, Beltrami and 9 Others	48,858.91	3,857.12	50,716.03				50,716.03	461.46	512.00	973.46
Mississippi										
Hinds Farms, Hinds	44,206.31	17,596.49	61,802.80		61.11	61.11	61,863.91	31,149.81	64.94	31,214.75
Lucedale Farms, George and Greene	43,671.46	35,832.35	79,503.81		62.45	62.45	79,566.26	73,037.08	542.80	73,579.88
Mileston Farms, Holmes	37,951.03	64,031.64	101,982.67		1,393.07	1,393.07	103,375.74	53,573.01	1,884.74	55,457.75
Mississippi Farm Tenant Security, Bolivar and 4 Others	88,801.16	167,413.19	256,214.35	317.00	438.54	755.54	256,969.89	249,185.23	5,233.08	254,418.31
Northeast Mississippi Farms, Oktibbeha and 6 Others	55,666.48	51,928.56	107,595.04	400.00	.15	400.15	107,995.19	45,190.80	86.00	45,276.80
Missouri										
LaForge Farms, New Madrid	50,249.69	98,578.89	148,828.58	23.00	1,355.97	1,378.97	150,207.55	173,707.43	4,215.89	177,923.32
Osage Farms, Pettis	64,182.64	78,356.40	142,539.04	637.29		637.29	143,176.33	83,986.47	8,533.83	92,520.30

PROJECT NAME, COUNTY and STATE	Operating Expenses Cumulative as of December 31, 1944			Operating Expenses January 1, 1945 to June 30, 1945			Total Cumulative Operating Expense to June 30, 1945	Income		
	Management	Operation Maintenance, etc.	Total	Management	Operation Maintenance, etc.	Total		Cumulative to 3/ December 31, 1944	January 1 to June 30, 1945	Income to June 30, 1945
Florida										
Jacksonville Homesteads, Duval										
Georgia										
Georgia Scattered Farms, Randolph and Polk	$ 57.78	$ 1,662.16	$ 1,719.94				$ 1,719.94	$ 2,810.33		$ 2,810.33
Idaho										
Idaho Scattered Farms, Ada and 16 Others	765.81	11,536.65	12,302.46	$ 10.95		$ 10.95	12,313.41	21,273.24	$ 529.78	21,803.02
Illinois										
Southern Illinois Homesteads, Franklin	12,276.61		12,276.61				12,276.61	1,905.85		1,905.85
Indiana										
Rehabilitation Demonstration Farms, Ripley	137.66	2.16	139.82				139.82			
Kansas										
Kansas Scattered Farms, Jackson and 3 Others	104.58	2,448.34	2,552.92				2,552.92	4,513.17	242.15	4,755.32
Northeastern Kansas Farms, Jackson and 3 Others	13,936.97	17,648.77	31,585.74				31,585.74	18,163.35	303.90	18,467.25
Kentucky										
Sublimity Forest Community, Laurel	44,877.67	14,175.92	59,053.59				59,053.59	28,271.82		28,271.82
Michigan										
Au Sable Area, Otsego	619.62	564.93	1,184.55				1,184.55	1,733.75	683.19	2,416.94
Cheboygan Farms, Cheboygan		323.57	323.57				323.57	515.00		515.00
Corporation Farms and Real Estate, Antrim and 13 Others	1,304.94	2,679.26	3,984.20				3,984.20	9,938.94		9,938.94
Johannesburg Farms, Otsego and 5 Others	21,350.67	11,940.00	33,290.67				33,290.67			
Potato Warehouses, Iron and 8 Others		1,485.47	1,485.47				1,485.47	13,183.62	150.00	13,333.62
Saginaw Valley, Saginaw	48,877.42	113,969.06	162,846.48	2,048.68	$ 1,232.91	3,281.59	166,128.07	124,307.50	14,426.33	138,733.83
Southern Michigan Farms, Ionia and 9 Others	39,456.77	68,021.48	107,478.25		129.89	129.89	107,608.14	68,953.06	544.12	69,497.18
Minnesota										
Albert Lea Homesteads, Freeborn		665.20	665.20				665.20	2,585.36	319.60	2,904.96
Central Minnesota Farms, Pope and 6 Others	59,673.99	129,819.53	189,493.52		1,019.43	1,019.43	190,512.95	175,354.91	492.84	175,847.75
Ethan Allen, Itasca		14.05	14.05				14.05			
Minnesota Scattered Farms, Becker and 8 Others	26.27		26.27	140.37		140.37	166.64	10.00		10.00
Thief River Falls Farms, Marshall and 3 Others	63,032.79	102,817.97	165,850.76		450.84	450.84	166,301.60	69,406.91	638.80	70,045.71
Mississippi										
Mississippi Rehabilitation Farms, Lawrence	7.69	120.98	128.67				128.67	249.93		249.93
Richton Homestead, Perry	27,887.22	26,628.89	54,516.11				54,516.11	6,916.57		6,916.57
Missouri										
Rehabilitation Demonstration Farms, Scone and 19 Others	21,459.79	19,203.41	40,663.20	5.00		5.00	40,668.20	47,367.67	131.62	47,499.29
Nebraska										
Falls City Farmsteads, Richardson	2,477.73	7,764.00	10,241.73				10,241.73	6,220.38		6,220.38
Grand Island Farmsteads, Hall	3,394.95	8,342.21	11,737.16				11,737.16	9,480.90	316.33	9,797.23
Kearney Farmsteads, Buffalo	3,147.44	20,471.48	23,618.92				23,618.92	13,666.12	86.25	13,752.37
Loup City Farmsteads, Sherman	3,624.12	16,114.98	19,739.10				19,739.10	8,909.19	32.66	8,941.85
Rebublican Valley Farmsteads, Harlan	17.92	72.83	90.75				90.75	816.66		816.66
Scottsbluff Farmsteads, Scottsbluff	24,567.74	30,787.75	55,355.49				55,355.49	13,270.58	11.00	13,281.58
South Sioux City Farmsteads, Dakota	7,674.08	14,621.51	22,295.59				22,295.59	16,200.77		16,200.77
Two Rivers, Douglas	37,801.79	102,422.16	140,223.95				140,223.95	60,612.16	1.05	60,613.21
New Mexico										
Dona Ana Farms, Dona Ana	35.00	3,994.43	4,029.43				4,029.43	6,567.69		6,567.69
New Mexico Farms, De Baca	28,746.45	51,592.31	80,338.76	20.00	831.19	851.19	81,189.95	28,620.26	294.02	28,914.28
New Mexico Scattered Farms, De Baca	8.28	1,394.74	1,403.02				1,403.02	332.80		332.80
Silver City Farms, Grant		252.24	252.24				252.24	478.24	186.02	664.26
North Dakota										
North Dakota Scattered Farms, McLean and 3 Others		609.54	609.54				609.54	3,368.43		3,368.43
Red River Valley Farms, Cass and Traill	60,099.51	112,206.93	172,306.44	97.17	338.39	435.56	172,742.00	263,601.04	1,765.17	265,366.21
Oklahoma										
Eastern Oklahoma Farms, Osage and 4 Others	67,632.48	53,946.19	121,578.67				121,578.67	92,276.99	417.22	92,694.21
Oklahoma Farm Tenant Security, Garvin and 7 Others	26,524.24	29,314.05	55,838.29	552.93	364.32	917.25	56,755.54	244,779.03	41,316.19	286,095.22
101 Ranch Farms, Payne and 3 Others	50,275.21	43,884.38	94,159.59				94,159.59	52,700.39	119.90	52,820.29
Tulsa County Homesteads, Tulsa	1,734.84	280.30	2,015.14				2,015.14	1,413.67		1,413.67
Pennsylvania										
Northampton Farms, Northampton	4,279.86	25,637.47	29,917.33		463.88	463.88	30,381.21	27,274.11	144.59	27,418.70
Pennsylvania Farms, Bradford and 8 Others	38,276.11	34,849.58	73,125.69		452.48	452.48	73,578.17	23,598.30	248.56	23,846.86
South Dakota										
Eastern South Dakota Farms, Brookings and 2 Others	29,821.63	41,414.48	71,236.11				71,236.11	69,197.28	735.05	69,932.33
Sioux Falls, Minnehaha	17,962.95	33,128.80	51,091.75				51,091.75	23,598.28	57.61	23,655.89
Spearfish, Lawrence	14.50	263.67	278.17				278.17	2,521.05		2,521.05
Tennessee										
Goodlettsville Farms, Davidson	204.43	82.75	287.18				287.18			

PROJECT NAME, COUNTY and STATE	Operating Expenses Cumulative as of December 31, 1944			Operating Expenses January 1, 1945 to June 30, 1945			Total Cumulative Operating Expense to June 30, 1945	Income		
	Management	Operation Maintenance, etc.	Total	Management	Operation Maintenance, etc.	Total		Cumulative to 3/ December 31, 1944	January 1 to June 30, 1945	Total Cumulative Income to June 30, 1945
Montana										
Fairfield Bench Farms, Teton and Cascade	$ 78,848.98	$ 239,150.54	$ 317,999.52	$ 144.93		$ 144.93	$ 318,144.45	$ 184,960.49	$ 14,597.70	$ 199,558.19
Kinsey Flats, Custer	42,308.66	22,070.23	64,378.89	312.39	$ 5,353.56	5,665.95	70,044.84	833.65		833.65
Milk River Farms, Blaine and 2 Others	110,524.26	396,815.35	507,339.61	941.93		941.93	508,281.54	188,577.04	15,807.38	204,384.42
Nebraska										
Fairbury Farmsteads, Jefferson	5,089.28	7,935.62	13,024.90				13,024.90	6,921.23	351.07	7,272.30
New Mexico										
Bosque, Valencia	70,091.30	166,279.43	236,370.73	46.95	1,269.02	1,315.97	237,686.70	44,143.26	262.50	44,405.76
El Pueblo Grazing Project, San Miguel		6,442.10	6,442.10		992.10	992.10	7,434.20	1,388.74	272.51	1,661.25
New York										
Finger Lake Farms, Cayuga and 4 Others	36,384.83	59,196.60	95,581.43	61.21	575.46	636.67	96,218.10	41,117.26	1,891.41	43,008.67
New York Valley Farms, Allegany and 8 Others	26,486.22	53,909.44	80,395.66		162.06	162.06	80,557.72	30,921.03	337.70	31,258.73
North Carolina										
North Carolina Farm Tenant Security, Wayne and 4 Others	37,373.78	33,266.22	70,640.00	40.00	1,301.97	1,341.97	71,981.97	103,825.92	2,713.78	106,539.70
North Carolina Scattered Farms, Alleghany and 7 Others	22,051.75	79,098.47	101,150.22	8.56	193.90	202.46	101,352.68	34,885.42	7,534.21	42,419.63
Pembroke Farms, Robeson	52,537.12	44,310.56	96,847.68	2,479.10	850.40	3,329.50	100,177.18	67,219.71	4,026.85	71,246.56
Penderlea Homesteads, Pender	173,044.58	291,269.35	464,313.93	6,681.71	1,758.34	8,440.05	472,753.98	101,697.14	4,667.95	106,365.09
Roanoke Farms and Tillery, Halifax	131,572.59	141,144.14	272,716.73	178.02	1,659.34	1,837.36	274,554.09	181,504.22	18,894.57	200,398.79
Scuppernong Farms, Tyrell and Washington	80,402.82	90,277.01	170,679.83	3,921.40	1,548.85	5,470.25	176,150.08	51,110.56	19,810.17	70,920.73
Wolf Pit Farms, Richmond	21,421.22	18,837.68	40,258.90	15.97	1,975.60	1,991.57	42,250.47	22,462.83	1,515.77	23,978.60
North Dakota										
Burlington Project, Ward	24,149.09	31,417.67	55,566.76	1,871.46		1,871.46	57,438.22	12,034.94	1,628.89	13,663.83
Ohio										
Scioto Farms, Ross and 3 Others	91,563.97	139,517.83	231,081.80	162.40	345.07	507.47	231,589.27	195,564.31	2,678.74	198,243.05
Oregon										
Tamhill Farms, Polk and 2 Others	75,808.71	140,111.93	215,920.64		3,620.95	3,620.95	219,541.59	122,413.42	2,877.44	125,290.86
South Carolina										
Allendale Farms, Allendale	51,922.25	27,302.22	79,224.47		93.00	93.00	79,317.47	52,904.95	1,239.75	54,144.70
Ashwood Plantation, Lee and Sumter	134,062.75	141,442.79	275,505.54	256.45	3,135.72	3,392.17	278,897.71	124,446.74	22,716.90	147,163.64
Orangeburg Farms, Calhoun and Orangeburg	49,758.74	38,178.52	87,937.26	230.11	2,077.89	2,308.00	90,245.26	42,904.30	1,128.66	44,032.96
South Carolina Farm Tenant Security, Aiken and 13 Others	24,699.89	29,825.11	54,525.00	115.91	4,554.85	4,670.76	59,195.76	57,356.50	88.37	57,444.87
South Carolina Scattered Farms, Union and 3 Others	315.79	4,974.80	5,290.59	112.86	93.21	206.07	5,496.66	9,260.11	3,738.30	12,998.41
Tiverton Farms, Sumter	10,540.54	9,109.67	19,650.21		389.12	389.12	20,039.33	19,952.93	464.87	20,417.00
Tennessee										
Tennessee Farm Tenant Security, Carroll and 4 Others	66,987.14	82,447.12	149,434.26		138.28	138.28	149,572.54	119,955.78	10,234.35	130,190.13
Texas										
Fannin Farms, Fannin	43,673.29	18,969.10	62,642.39	2.40		2.40	62,644.79	29,535.79		29,535.79
Ropesville Farms, Hockley	36,833.36	55,863.95	92,697.31				92,697.31	147,374.91	75.00	147,449.91
Sabine Farms, Harrison and Panola	47,447.07	35,553.67	83,000.74	4,198.27	388.25	4,586.52	87,587.26	30,371.28	141.15	30,512.43
San Houston Farms, Harris	62,660.34	85,965.09	148,625.43	2.59	123.40	125.99	148,751.42	36,970.56	116.70	37,087.26
Wichita Valley Farms, Wichita	73,652.23	119,936.21	193,588.44				193,588.44	78,775.21	184.94	78,960.15
Virginia										
Shenandoah Homesteads, Greene and 4 Others	96,355.05	73,603.93	169,958.98	3,522.45	178.22	3,700.67	173,659.65	42,145.43	1,767.54	43,912.97
Virgin Islands										
St. Croix Homesteads	6.04	15,299.91	15,305.95		1,617.58	1,617.58	16,923.53			
St. Thomas Homesteads		122.68	122.68				122.68			
Washington										
Washington Scattered Farms, Snohomish and 14 Others	1,181.57	28,266.76	29,448.33	5.00		5.00	29,453.33	27,161.91	1,350.44	28,512.35
Wisconsin										
Langlade and Oneida Project, Langlade and Oneida	98.95	1,817.75	1,916.70				1,916.70	3.00		3.00
SUB TOTAL	$4,195,511.29	$5,743,485.14	$ 9,928,996.43	$55,775.29	$58,444.78	$114,220.07	$10,043,216.50	$5,829,529.81	$404,247.03	$6,233,776.84
LIQUIDATED										
Alabama										
West Central Alabama Farms, Tuscaloosa	$ 29.50	$ 21.75	$ 51.25	$ 7.00		$ 7.00	$ 58.25	$ 40.00		$ 40.00
Arkansas										
Lolso Farms, Desha	1,669.02	18,431.18	20,100.20				20,100.20			
Townes Farms, Crittenden	17,038.31	11,014.60	28,052.91				28,052.91	39,891.98	$ 670.41	40,562.39
Truman Farms, Poinsett	28,126.77	40,681.30	68,808.07				68,808.07	149,834.13	1,904.65	151,738.78
California										
Mendocino Resettlement Project, Mendocino & Santa Cruz	21.56	115.54	137.10		$ 17.65	17.65	154.75	2,292.30	71.62	2,363.92
Colorado										
Colorado Scattered Farms, Mesa	6.90	311.60	318.50				318.50			
Las Animas Farms, Las Animas										

PROJECT NAME, COUNTY and STATE	Operating Expenses Cumulative as of December 31, 1944			Operating Expenses January 1, 1945 to June 30, 1945			Total Cumulative Operating Expense to June 30, 1945	Income		Total Cumulative Income to June 30, 1945
	Management	Operation Maintenance, etc.	Total	Management	Operation Maintenance, etc.	Total		Cumulative to 2/ December 31, 1944	January 1 to June 30, 1945	
Texas										
McLennan Farms, McLennan	$ 2,014.11	$ 8,323.82	$ 10,337.93				$ 10,337.93	$ 17,642.79		$ 17,642.79
Mexia Colony, Limestone	195.53	1,320.19	1,515.72				1,515.72	7,039.14		7,039.14
Nacogdoches Farms, Nacogdoches	8,009.38	2,544.42	10,553.80				10,553.80	781.36		781.36
Texas Farm Tenant Security, Collin and 15 Others	85,399.47	58,864.23	144,263.70	$ 65.21	$ 2,563.76	$ 2,628.97	146,892.67	132,591.53	$ 1,655.33	134,246.86
Woodlake Community, Trinity	100,235.11	65,452.19	165,687.30	335.34		335.34	166,022.64	16,605.42		16,605.42
Utah										
Sevier Valley Farms, Garfield and 5 Others	4,633.39	7,719.83	12,353.22		768.28	768.28	13,121.50	10,520.31	5,694.98	16,215.29
Widstoe Resettlement Project, Garfield and 3 Others	21.99	5,790.44	5,812.43	4.20	322.27	326.47	6,138.90	9,974.79	1,796.90	11,771.69
Virginia										
Colonial Acres, Mathews and 2 Others	15.45	27.68	43.13				43.13	1,752.67		1,752.67
Washington										
Snohomish Farms, Snohomish and 2 Others	60,338.03	53,228.48	113,566.51		156.55	156.55	113,723.06	57,294.19	3,092.74	60,386.93
Wisconsin										
Central Wisconsin Farms, Clark and 3 Others	69,476.97	105,515.19	174,992.16				174,992.16	107,537.97	724.90	108,262.87
Drummond Forest Community, Forest	28,045.30	19,392.64	47,437.94				47,437.94	18,067.01		18,067.01
Lakewood-Cranden Farms, Bayfield and 4 Others	26,322.33	26.16	26,348.49	19.40		19.40	26,367.89			
Monroe County Retirement Homesteads, Monroe	9.90	1,013.30	1,023.20				1,023.20	1,758.75		1,758.75
Northern Pine Retirement Homesteads, Forest and Langlade	77.01	2,893.57	2,970.58				2,970.58	4,355.07	67.04	4,422.11
West Bend Farm, Washington		117.56	117.56				117.56	5,127.00		5,127.00
Wisconsin Scattered Farms, Monroe and 4 Others	9.80		9.80				9.80			
Vulcan Corporation, Forest	Combined with Northern Pine Retirement Homesteads									
SUB TOTAL	$1,195,871.34	$1,561,982.25	$ 2,757,853.59	$ 3,306.25	$ 9,111.84	$ 12,418.09	$ 2,770,271.68	$2,150,071.71	$ 79,872.52	$2,229,944.23
U. S. GRAND TOTAL	$5,381,382.63	$7,305,467.39	$12,686,850.02 2/	$59,081.54	$67,556.62	$126,638.16	$12,813,488.18	$7,979,601.52	$484,119.55	$8,463,721.07

1/ Includes donations consisting of contributions from borrowers and other Federal agencies in the amount of $207,637.

2/ Differs from cumulative total reported as of December 31, 1944, in the amount of $160,009.82 because of adjustments of prior years expenses reported during the last six months of the 1945 fiscal year, inventory and other adjustments.

3/ Differs from cumulative total reported as of December 31, 1944, in the amount of $417.04 due to minor adjustments of prior fiscal years income.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table III Report of Project Development Cost and Gain or Loss
es of June 30, 1945

PROJECT NAME, COUNTY and STATE	Cost of Land	Cost of Development	Total Cost 1/	Cost of Community Facilities and Other Costs not Applicable to Reorganized Units	No. of Reorganized Units	Total Cost of Reorganized Units	Average Unit Cost	Units Sold, Transferred, or Conveyed: Units Sold: No.	Units Sold: Sales Price	Units Transferred or Conveyed: No.	Units Transferred or Conveyed: Cost Value	Actual Gain or Loss: Gain	Actual Gain or Loss: Loss
IN PROCESS OF LIQUIDATION													
Alabama													
Alabama Farm Tenant Security, Autauga and 17 Others	$ 241,422.79	$ 353,582.47	$ 595,005.26	$ 16,917.72	96	$ 578,087.54	$ 6,021.75	94	$ 311,585.00	2	$ 14,898.59		$ 251,603.95
Alabama Scattered Farms, Clay and 6 Others	61,450.00	89,263.28	150,713.28	26,934.52	28	123,778.76	4,420.67	28	69,050.00				54,728.76
Coffee Farms, Coffee and 4 Others	581,123.12	1,343,690.32	1,864,813.44	598,014.40	213	1,266,799.04	5,947.41	212	511,052.00				753,356.58
Gee's Bend, Wilcox	123,805.23	303,126.54	426,931.77	228,932.93	99	197,998.84	1,999.89	88	123,800.00				51,778.11
Prairie Farms, Macon	77,644.99	122,425.57	200,070.56	60,419.33	35	139,651.23	3,990.03	26	87,394.60				17,555.45
Skyline Farms, Jackson	96,191.11	1,124,638.71	1,220,829.82	357,913.91	138	862,915.91	6,253.01	66	146,525.00				241,300.02
Arizona													
Casa Grande Valley Farms, Pinal	343,343.15	456,381.93	799,725.08	544,557.08	61	255,168.00	4,183.00						
Arkansas													
Arkansas Farm Tenant Security, Clark and 4 Others	146,739.00	330,211.24	476,950.24	106,944.92	56	370,005.32	6,607.23	55	244,757.00				120,740.56
Bisco, Prairie and St. Francis	130,451.31	241,554.29	372,005.60	40,360.70	71	331,644.90	4,671.05	70	293,579.70				34,710.43
Central and Western Arkansas Valley, Conway and 8 Others	152,981.83	191,202.10	344,183.93	26,620.25	71	317,563.68	4,472.72	65	187,354.83	1	3,209.37		105,904.35
Chicot Farms, Chicot and Drew	127,639.18	441,053.63	568,692.81	215,704.04	101	352,988.77	3,494.94	24	46,080.00				2,732.30 2/
Clover Bend Farms, Lawrence	164,200.00	296,501.28	460,701.28	92,978.53	77	367,722.75	4,775.62	76	326,131.88				36,815.25
Desha Farms, Desha and Drew	154,560.10	360,479.85	515,039.95	72,387.92	85	442,652.03	5,207.67	78	306,190.00				99,731.22 2/
Lake Dick, Jefferson and Arkansas	126,000.00	535,670.64	661,670.64	275,187.50	63	386,483.14	6,134.65	10	36,300.00				23,613.33 2/
Lakeview, Lee and Phillips	196,912.17	695,706.94	892,619.11	245,110.39	135	647,508.72	4,796.36	124	485,073.86				114,681.74
Lonoke Farms, Lonoke	100,450.00	151,514.15	251,964.15	55,580.13	42	196,384.02	4,675.81	42	196,897.27			$ 513.25	
Northwest Arkansas Farms, Benton and Washington	108,712.00	102,999.36	211,711.36	16,358.37	33	195,352.99	5,919.78	31	107,243.00				72,820.52
Plum Bayou Homesteads, Jefferson	386,000.00	1,203,893.44	1,589,893.44	373,919.49	151	1,215,973.95	8,052.80	141	636,333.00				495,541.84 2/
St. Francis River Farms, Poinsett	122,000.00	408,176.20	530,176.20	121,950.25	82	408,225.95	4,978.36	81	447,037.00			42,770.32	
Colorado													
San Luis Valley Farms, Alamosa and Rio Grande	197,440.25	840,214.83	1,037,655.08	402,049.16	72	635,605.92	8,827.86	63	344,165.00				225,147.64
Western Slope Farms, Delta, Mesa and Montrose	362,591.95	760,004.82	1,122,596.77	186,978.70	86	935,618.07	10,879.28	73	335,550.00				456,591.84
Florida													
Escambia Farms, Okaloosa	64,646.20	515,178.45	579,824.65	165,458.64	84	414,366.01	4,932.93	40	102,900.00				108,040.96
Florida Scattered Farms, Jefferson and 2 Others	100,695.12	255,479.65	356,174.77	4,272.47	68	351,902.30	5,175.03	50	159,772.00				107,972.86
Georgia													
Briar Patch Farms, Putnam	58,539.45	199,156.52	257,695.97	66,645.49	22	191,050.48	8,684.11	22	59,525.00				131,525.48
Flint River Farms, Macon	260,128.20	451,772.51	711,900.71	121,049.60	149	590,851.11	3,965.44	86	291,789.00				129,780.89
Georgia Farm Tenant Security, Barrow and 32 Others	222,250.31	443,440.97	665,691.28	964.19	106	664,727.09	6,271.01	106	329,564.24				335,162.85
Greene County Project, Greene	198,865.00	370,174.53	569,039.53	65,846.35	94	503,193.18	5,353.11	39	122,075.00				86,696.64 2/
Irwinville, Irwin	166,726.31	743,080.46	909,806.77	157,021.08	108	752,785.69	6,970.23	103	343,831.00				390,981.70
Piedmont Homesteads, Jasper	89,493.66	558,641.54	648,135.20	118,633.53	50	529,501.67	10,590.03	44	143,594.40				328,394.96
Wolf Creek, Grady	26,435.97	204,925.91	231,361.88	47,950.02	21	183,411.86	8,733.89	21	58,050.00				125,361.86
Idaho													
Boundary Farms, Boundary	324,747.27	467,022.63	791,769.90	250,350.76	35	541,419.14	15,469.11	2	17,370.00				7,129.92
Indiana													
Wabash Farms, Daviess and 6 Others	528,690.80	712,169.05	1,240,859.85	258,944.33	112	981,915.52	8,767.10	90	500,636.75				359,593.55
Kentucky													
Christian Trigg Farms, Christian and Trigg	427,897.67	537,050.16	964,947.83	23,313.55	96	941,634.28	9,808.68	90	577,576.31	6	62,425.23		301,632.74
Louisiana													
Louisiana Farm Tenant Security, Caldwell and 6 Others	233,540.67	379,211.17	612,751.84	60,223.46	102	552,528.38	5,416.94	101	435,990.00				110,858.41
Mounds Farms, Madison and East Carroll	290,066.40	505,316.78	795,383.18	226,272.64	147	569,110.54	3,871.50	142	548,745.00				6,267.34 2/
Terrebonne, Terrebonne	145,178.60	360,481.32	505,659.92	205,270.25	55	300,389.67	5,461.63	52	224,200.00				59,804.78 2/
Transylvania Farms, East Carroll	329,271.50	515,827.23	845,098.73	147,775.25	166	697,323.48	4,200.74	165	688,953.00				3,312.79
Maine													
State of Maine Farms, Androscoggin and 11 Others	139,150.00	232,383.50	371,533.50		66	371,533.50	5,629.29	51	101,771.00	11	57,151.87		188,779.71
Minnesota													
Beltrami Island Farms, Beltrami and 9 Others	299,567.56	122,024.66	421,592.22	3,159.26	235	418,432.96	1,780.56	231	395,750.70				15,754.05
Mississippi													
Hinds Farms, Hinds	62,470.93	233,950.74	296,421.67	39,554.86	73	256,866.81	3,518.72	72	239,983.00				13,654.79
Lucedale Farms, George and Greene	118,289.79	279,018.36	397,308.15	34,935.97	95	362,372.18	3,814.44	92	276,931.55				73,997.30 2/
Mileston Farms, Holmes	324,998.72	405,512.10	730,510.82	165,174.19	107	565,336.63	5,283.52	107	592,428.00			27,091.37	
Mississippi Farm Tenant Security, Bolivar and 4 Others	792,127.81	1,027,008.82	1,819,136.63	236,344.96	280	1,582,791.67	5,652.82	266	1,380,037.64				125,745.24 2/
Northeast Mississippi Farms, Oktibbeha and 6 Others	140,291.26	403,024.48	543,315.74	91,091.20	93	452,224.54	4,862.63	79	259,904.85	11	58,090.61		124,569.60
Missouri													
LaForge Farms, New Madrid	315,027.30	421,328.28	736,355.58	65,430.90	100	670,924.68	6,709.24	99	535,300.00				127,157.73
Osage Farms, Pettis	425,005.60	515,587.29	940,592.89	245,134.36	60	695,458.53	11,590.97	50	322,863.00				310,836.80

PROJECT NAME, COUNTY and STATE	Cost of Land	Cost of Development	Total Cost 1/	Cost of Community Facilities and Other Costs not Applicable to Reorganized Units	No. of Reorganized Units	Total Cost of Reorganized Units	Average Unit Cost	Units Sold, Transferred, or Conveyed: Units Sold: No.	Units Sold: Sales Price	Units Transferred or Conveyed: No.	Units Transferred or Conveyed: Cost Value	Actual Gain or Loss: Gain	Actual Gain or Loss: Loss
Montana													
Fairfield Ranch Farms, Teton and Cascade	$ 425,677.30	$ 774,484.76	$ 1,200,162.06	$ 118,403.55	115	$ 1,081,758.51	$ 9,406.60	88	$ 464,215.00				$ 358,902.50
Kinsey Flats, Custer	109,444.85	796,842.26	906,287.11	269,575.26	81	636,711.85	7,860.64						
Milk River Farms, Sheine and 2 Others	341,341.50	1,623,413.05	1,964,754.55	633,570.24	119	1,331,184.31	8,934.12	120	567,805.00				554,712.30
Nebraska													
Fairbury Farmsteads, Jefferson	13,750.00	52,601.11	66,351.11	7,769.78	7	58,581.33	8,368.76	4	13,701.00				35,303.72
New Mexico													
Bosque, Valencia	80,087.52	569,331.27	649,418.79	188,303.27	42	461,115.52	10,978.94	34	235,612.49				156,878.53
El Pueblo Grazing Project, San Miguel	58,910.00	34,320.35	93,230.35	93,230.35									
New York													
Finger Lake Farms, Cayuga and 4 Others	181,815.00	249,036.29	430,851.29	404.33	55	430,446.96	7,826.30	44	142,595.00	3	$ 18,325.63		209,054.82
New York Valley Farms, Allegany and 8 Others	133,718.00	136,768.73	270,486.73	416.15	34	270,070.58	7,943.25	29	102,655.00	2	10,803.16		130,643.89
North Carolina													
North Carolina Farm Tenant Security, Wayne and 4 Others	282,458.35	267,875.01	550,333.36	4,281.94	93	546,051.42	5,871.52	91	369,949.48				164,274.58
North Carolina Scattered Farms, Alleghany and 7 Others	145,111.32	58,792.56	203,903.88	21,140.47	32	182,763.41	5,711.36	30	87,340.43	2	33,664.47		61,758.51
Pembroke Farms, Robeson	314,595.84	303,512.65	618,108.49	223,001.39	80	395,107.10	4,938.83	54	263,722.00				46,077.31
Penderlee Homesteads, Pender	85,008.03	2,171,808.90	2,256,816.93	700,056.15	194	1,556,760.78	8,024.54	66	205,272.00				471,367.85
Roanoke Farms and Tillery, Halifax	496,286.46	1,658,144.01	2,154,430.47	358,067.63	273	1,796,362.84	6,580.08	138	473,592.32				555,476.91
Souppernong Farms, Tyrell and Washington	310,322.46	441,135.66	751,458.12	412,120.40	99	339,337.72	3,427.65	11	35,800.00				21,561.07
Wolf Pit Farms, Richmond	157,395.99	117,673.87	275,069.86	57,503.35	36	217,566.51	6,043.51	27	111,390.00				51,301.38
North Dakota													
Burlington Project, Ward	44,871.42	161,291.02	206,162.44	53,615.22	35	152,547.22	4,358.49	1	5,050.00			$ 1,533.48	
Ohio													
Scioto Farms, Ross and 3 Others	973,471.75	856,469.33	1,829,941.08	388,154.23	122	1,441,786.85	11,817.92	121	595,720.00				833,503.46
Oregon													
Yamhill Farms, Polk and 2 Others	537,614.72	782,066.72	1,319,681.44	91,038.25	103	1,228,643.19	11,928.57	99	639,679.25	3	17,858.77		559,414.72
South Carolina													
Allendale Farms, Allendale	209,397.32	398,470.76	607,868.08	45,322.46	118	562,545.62	4,767.34	113	415,475.00				125,167.09
Ashwood Plantation, Lee and Sumter	467,636.67	1,382,700.54	1,850,337.21	451,698.38	150	1,398,638.83	9,324.26	126	469,247.00				740,519.07
Orangeburg Farms, Calhoun and Orangeburg	201,715.44	324,524.21	526,239.65	38,549.03	80	487,690.62	6,096.13	50	184,091.59				127,926.88
South Carolina Farm Tenant Security, Aiken and 13 Others	182,029.59	270,212.17	452,241.76	15,841.17	55	436,400.59	7,934.55	55	232,440.00				203,960.59
South Carolina Scattered Farms, Union and 3 Others	32,350.90	36,330.09	68,680.99	75.59	22	68,605.40	3,118.42	22	55,755.00				12,850.40
Tiverton Farms, Sumter	33,090.62	79,393.37	112,483.99	7,562.13	29	104,921.86	3,617.99	19	78,700.00			9,204.84	
Tennessee													
Tennessee Farm Tenant Security, Carroll and 4 Others	344,380.58	623,752.18	968,132.76	195,361.08	134	772,771.68	5,766.95	117	538,064.31	13	44,483.56		165,968.03
Texas													
Fannin Farms, Fannin	108,908.94	158,548.92	267,457.86	35,964.13	32	231,493.73	7,234.17	32	139,100.00				92,393.73
Hopeville Farms, Hockley	320,286.12	342,924.96	663,211.08	34,699.08	78	628,512.00	8,057.84	78	502,983.75				125,528.25
Sabine Farms, Harrison and Panola	72,073.91	365,691.53	437,765.44	87,282.53	80	350,482.91	4,381.03	80	254,699.61				95,783.30
Sam Houston Farms, Harris	175,263.38	428,648.54	603,911.92	282,746.86	28	321,165.06	11,470.18	28	99,100.00				222,065.06
Wichita Valley Farms, Wichita	206,358.67	709,779.10	916,137.77	105,536.60	90	810,601.17	9,006.68	90	320,379.71				490,221.46
Virginia													
Shenandoah Homesteads, Orange and 4 Others	301,728.43	755,011.93	1,056,740.36	129,821.17	154	926,919.19	6,018.95	85	193,300.00	16	65,738.75		414,090.43
Virgin Islands													
St. Croix Homesteads	68,978.01	175,905.83	244,883.84	49,765.90	128	195,117.94	1,524.36	86	37,296.06				93,798.80
St. Thomas Homesteads	23,483.99	92,324.89	115,808.88	6,169.90	80	109,638.98	1,370.49	34	15,073.74	5	30,652.85		20,733.31
Washington													
Washington Scattered Farms, Snohomish and 14 Others	161,073.43	91,308.25	252,381.68		134	252,381.68	1,883.44	131	178,314.74	2	45,184.57	-	23,184.48
Wisconsin													
Langlade and Oneida Project, Langlade and Oneida	21,919.56	418.87	22,338.43	22,338.43									
SUB TOTAL	$17,648,316.35	$38,502,572.39	$56,150,888.74	$11,996,023.95	7,261	$44,154,864.79		5,750	$21,979,760.06	77	$ 462,487.43	$ 81,113.26	$13,896,819.27
LIQUIDATED													
Alabama													
West Central Alabama Farms, Tuscaloosa	$ 1,200.00	$ 4,304.65	$ 5,504.65	$ 5,504.65									
Arkansas													
Kelso Farms, Desha	37,911.55	5,421.86	43,333.41	43,333.41									
Townes Farms, Crittenden	75,000.00	88,679.79	163,679.79	27,242.27	31	$ 136,437.52	$ 4,401.21	31	$ 150,721.00			$ 14,283.48	
Trumann Farms, Poinsett	78,457.99	184,771.45	263,229.44	23,094.65	54	240,134.79	4,446.94	54	223,754.00				$ 16,380.79
California													
Mendocino Resettlement Project, Mendocino and Santa Cruz	11,600.00	126.00	11,726.00		4	11,726.00	2,931.50	4	8,593.60				3,132.40
Colorado													
Colorado Scattered Farms, Mesa	1,101.85	8.60	1,110.45		1	1,110.45	1,110.45	1	1,507.00			396.55	
Las Animas Farms, Las Animas	1,750.00		1,750.00		1	1,750.00	1,750.00	1	1,750.00				

PROJECT NAME, COUNTY and STATE	Cost of Land	Cost of Development	Total Cost 1/	Cost of Community Facilities and Other Costs not Applicable to Reorganized Units	No. of Reorganized Units	Total Cost of Reorganized Units	Average Unit Cost	Units Sold, Transferred, or Conveyed: Units Sold: No.	Units Sold: Sales Price	Units Transferred or Conveyed: No.	Units Transferred or Conveyed: Cost Value	Actual Gain or Loss: Gain	Actual Gain or Loss: Loss
Florida													
Jacksonville Homesteads, Duval	$ 18,513.66	$ 809.21	$ 19,322.87	$ 19,322.87									
Georgia													
Georgia Scattered Farms, Randolph and Polk	17,717.76	6,360.75	24,078.51	24,078.51									
Idaho													
Idaho Scattered Farms, Ada and 16 Others	105,965.47	39,019.79	148,985.26		81	$ 148,985.26	$ 1,839.32	81	$ 141,028.28				$ 7,956.98
Illinois													
Southern Illinois Homesteads, Franklin	26,949.03	42,731.00	69,680.03	69,680.03									
Indiana													
Rehabilitation Demonstration Farms, Ripley	4,485.00	53.50	4,538.50	4,538.50									
Kansas													
Kansas Scattered Farms, Jackson and 3 Others	43,925.00	23,350.44	67,275.44		7	67,275.44	9,610.77	7	43,850.00				23,425.44
Northeastern Kansas Farms, Jackson and 3 Others	151,685.11	94,213.79	245,898.90	7,106.03	17	238,792.87	14,046.63	16	127,765.00	1	$ 9,059.32		101,968.55
Kentucky													
Sublimity Forest Community, Laurel	51,200.00	360,708.65	411,908.65	55,862.96	66.	356,045.69	5,394.63			66	356,045.69		
Michigan													
Au Sable Area, Otsego	18,786.06	2,241.34	21,027.40	21,027.40									
Cheboygan Farms, Cheboygan	7,540.00	8,318.41	15,858.41	1,133.44	2	14,724.97	7,362.48	2	4,500.00				10,224.97
Corporation Farms and Real Estate, Antrim and 13 Others	29,763.38	6,061.73	35,825.11		18	35,825.11	1,990.28	18	34,801.25				1,023.86
Johannesburg Farms, Otsego and 5 Others	49,820.00	34,923.21	84,743.21		15	84,743.21	5,649.54	15	55,150.00				29,593.21
Potato Warehouses, Iron and 8 Others	101.00	31,641.57	31,742.57	31,742.57									
Saginaw Valley, Saginaw	269,255.45	104,669.65	373,925.10	3,794.13	30	370,130.97	12,337.70	30	265,000.00				105,130.97
Southern Michigan Farms, Ionia and 9 Others	329,538.00	232,959.61	562,497.61		69	562,497.61	8,152.13	67	254,298.44	2	11,605.46		296,593.71
Minnesota													
Albert Lea Homesteads, Freeborn	4,300.00	33,860.68	38,160.68	528.61	14	37,632.07	2,688.00	14	38,316.00			$ 683.93	
Central Minnesota Farms, Pope and 6 Others	730,485.00	329,821.66	1,060,306.66	1,278.66	105	1,059,028.00	10,085.98	105	768,900.00				290,128.00
Ethan Allen, Itasca	8,200.00	3,725.00	11,925.00	2,853.48	3	9,071.52	3,023.84	3	6,245.00				2,826.52
Minnesota Scattered Farms, Becker and 8 Others	3,912.80	3,000.00	6,912.80		10	6,912.80	691.28	10	9,416.17			2,503.37	
Thief River Falls, Farms, Marshall and 3 Others	272,690.00	683,763.93	956,453.93	476.62	111	955,977.31	8,612.40	111	278,815.06				677,162.25
Mississippi													
Mississippi Rehabilitation Farms, Lawrence	220.00	65.19	285.19		1	285.19	285.19	1	575.75			290.56	
Richton Homesteads, Perry	23,259.00	192,225.33	215,484.33	28,840.28	26	186,644.05	7,178.61			26	186,644.05		
Missouri													
Rehabilitation Demonstration Farms, Bonne and 19 Others	86,702.14	58,692.24	145,394.38		48	145,394.38	3,029.04	48	153,816.99			8,422.61	
Nebraska													
Falls City Farmsteads, Richardson	53,762.00	47,514.81	101,276.81	19,523.47	3	81,753.34	27,251.11	3	31,740.00				50,013.34
Grand Island Farmsteads, Hall	13,083.00	50,953.70	64,036.70	4,312.04	11	59,724.66	5,429.51	11	30,500.50				29,224.16
Kearney Farmsteads, Buffalo	40,963.00	48,178.22	89,141.22	10,790.26	4	78,350.96	19,587.74	4	34,350.00				44,000.96
Loup City Farmsteads, Sherman	33,842.00	62,929.47	96,771.47	16,978.35	3	79,893.12	26,631.04	3	37,200.00				42,693.12
Republican Valley Farmsteads, Harlan	7,000.00	154.19	7,154.19		1	7,154.19	7,154.19	1	525.00				6,629.19
Scottsbluff Farmsteads, Scottsbluff	88,106.40	141,470.74	229,577.14	347.85	24	229,229.29	9,551.22	23	111,100.00	1	24,755.89		93,373.40
South Sioux City Farmsteads, Dakota	32,992.60	78,181.48	111,174.08	3,770.75	22	107,403.33	4,881.96	22	61,200.00				46,203.33
Two Rivers, Douglas	169,499.67	363,319.71	532,819.38	29,378.86	41	503,440.52	12,279.03	37	164,700.00	4	30,471.34		308,269.18
New Mexico													
Dona Ana Farms, Dona Ana	20,690.00	14,268.14	34,958.14		5	34,958.14	6,991.62	5	33,000.00				1,958.14
New Mexico Farms, De Baca	69,973.32	122,510.27	192,483.59	4,033.69	22	188,449.90	8,565.90	22	78,896.98				109,552.92
New Mexico Scattered Farms, De Baca	4,623.10	21.50	4,644.60		2	4,644.60	2,322.30	2	3,418.36				1,226.24
Silver City Farms, Grant	8,441.00	1,057.80	9,498.80		4	9,498.80	2,374.70	4	5,975.00				3,523.80
North Dakota													
North Dakota Scattered Farms, McLean and 3 Others	8,703.00	3,337.76	12,040.76	2,685.54	1	9,355.22	9,355.22	1	6,400.00				2,955.22
Red River Valley Farms, Cass and Traill	843,501.75	547,059.45	1,390,561.20	3,275.62	132	1,387,285.58	10,509.73	131	843,357.89	1	7,066.61		536,861.08
Oklahoma													
Eastern Oklahoma Farms, Osage and 4 Others	382,514.92	278,536.12	661,051.04	40,896.21	75	620,154.83	8,268.73	75	370,199.00				249,955.83
Oklahoma Farm Tenant Security, Garvin and 7 Others	342,942.66	192,145.94	535,088.60	2,813.59	63	532,275.01	8,448.80	53	300,070.90	10	62,737.99		169,466.12
101 Ranch Farms, Payne and 3 Others	424,349.45	210,913.23	635,262.68	16,130.04	49	619,132.64	12,635.36	49	373,495.00				245,637.64
Tulsa County Homesteads, Tulsa	11,496.31	3,527.21	15,023.52		1	15,023.52	15,023.52	1	4,300.00				10,723.52
Pennsylvania													
Northampton Farms, Northampton	104,280.00	44,183.53	148,463.53		6	148,463.53	24,743.92	5	58,500.00	1	23,412.03		66,551.50
Pennsylvania Farms, Bradford and 8 Others	141,300.00	118,835.20	260,135.20		37	260,135.20	7,030.68	35	108,600.00	2	12,183.72		139,351.48
South Dakota													
Eastern South Dakota Farms, Brookings and 2 Others	253,659.10	165,226.95	418,886.05	265.53	37	418,620.52	11,314.06	37	286,112.51				132,508.01
Sioux Falls, Minnehaha	99,000.00	112,998.34	211,998.34	3,786.98	13	208,211.36	16,016.25	13	100,540.00		107,671.36		
Spearfish, Lawrence	30,000.00	2,233.51	32,233.51		1	32,233.51	32,233.51	1	32,000.00				233.51
Tennessee													
Goodlettsville Farms, Davidson	9,100.00	7,593.49	16,693.49		1	16,693.49	16,693.49	1	11,100.00				5,593.49

PROJECT NAME, COUNTY and STATE	Cost of Land	Cost of Development	Total Cost 1/	Cost of Community Facilities and Other Costs not Applicable to Reorganized Units	No. of Reorganized Units	Total Cost of Reorganized Units	Average Unit Cost	Units Sold, Transferred, or Conveyed: Units Sold No.	Units Sold Sales Price	Units Transferred or Conveyed No.	Units Transferred or Conveyed Cost Value	Actual Gain or Loss Gain	Actual Gain or Loss Loss
Texas													
McLennan Farms, McLennan	$ 228,834.19	$ 24,155.40	$ 252,989.59		19	$ 252,989.59	$13,315.24	19	$ 100,720.00				$ 152,269.59
Mexia Colony, Limestone	60,500.00	5,489.21	65,989.21	$ 65,989.21									
Nacogdoches Farms, Nacogdoches	60,000.00	78,192.44	138,192.44	138,192.44									
Texas Farm Tenant Security, Collin and 15 Others	528,074.17	450,961.57	979,035.74	1,597.72	106	977,438.02	9,221.11	94	542,118.50	12	$ 130,164.06		305,155.46
Woodlake Community, Trinity	119,619.00	507,346.63	626,965.63	340,309.12	59	286,656.51	4,858.58	59	64,777.10				221,879.41
Utah													
Sevier Valley Farms, Garfield and 5 Others	90,997.03	70,045.29	161,042.32		18	161,042.32	8,946.79	18	115,375.84				45,666.48
Widstoe Resettlement Project, Garfield and 3 Others	68,174.41	6,726.21	74,900.62		15	74,900.62	4,993.37	15	75,670.61			$ 769.99	
Virginia													
Colonial Acres, Mathews and 2 Others	3,920.00	635.14	4,555.14		2	4,555.14	2,277.57	2	2,291.50				2,263.64
Washington													
Snohomish Farms, Snohomish and 2 Others	299,401.84	210,917.84	510,319.68	5,139.85	43	505,179.83	11,748.36	43	330,728.00				174,451.83
Wisconsin													
Central Wisconsin Farms, Clark and 3 Others	356,650.00	192,239.63	548,889.63		72	548,889.63	7,623.46	72	290,739.36				258,150.27
Drummond-Forest Community, Forest	830.00	216,785.48	217,615.48	6,992.45	32	210,623.03	6,581.96			32	210,623.03		
Lakewood-Crandon Farms, Bayfield and 4 Others	62,175.00	73,179.04	135,354.04		24	135,354.04	5,639.75	24	63,020.00				72,334.04
Monroe County Retirement Homesteads, Monroe	2,660.00	15,468.27	18,128.27	608.76	6	17,519.51	2,919.91	6	5,025.25				12,494.26
Northern Pine Retirement Homesteads, Forest and Langlade	1,520.00	19,198.37	20,7[illegible].37	137.72	9	20,580.65	2,286.73	9	12,150.00				8,430.65
West Bend Farm, Washington	7,038.84	21.27	7,060.11	7,060.11									
Wisconsin Scattered Farms, Monroe and 4 Others	5,673.71	4,113.38	9,787.09		7	9,787.09	1,398.15	7	6,985.69				2,801.40
Vulcan Corporation, Forest	Combined with Northern Pine Retirement Homesteads												
SUB TOTAL	$ 7,555,926.72	$ 7,069,154.96	$14,625,081.68	$ 1,090,355.23	1,684	$13,528,726.45		1,526	$ 7,255,686.53	158	$1,172,440.55	$ 27,350.40	$ 5,117,918.86
U. S. GRAND TOTAL	$25,204,243.07	$45,571,727.35	$70,775,970.42	$13,092,379.18	8,945	$57,683,591.24		7,276	$29,245,446.59	235	$1,634,927.98	$108,463.75	$19,014,769.13

1/ Includes donations consisting of contributions from borrowers and other Federal agencies in the amount of $1,167,951.00.

2/ Gain or loss based on average cost and actual sales price of units sold.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table IV

Rural Rehabilitation Loans to Individuals 1/

State and Territory	Fiscal year 1943				Fiscal year 1944				Fiscal year 1945			
	Original loans		Supplemental loans		Original loans		Supplemental loans		Original loans		Supplemental loans	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
U. S. TOTAL	52,862	$ 698	201,262	$ 287	23,572	$ 1,005	138,079	$ 316	25,935	$ 1,068	102,979	$ 387
Alabama	910	544	18,795	237	448	489	9,271	138	608	575	6,762	167
Arizona	99	1,127	157	630	51	1,335	139	717	69	1,669	107	907
Arkansas	3,038	596	18,788	179	821	625	10,865	229	751	644	6,956	258
California	677	1,099	870	645	343	1,246	550	762	317	1,464	462	935
Colorado	862	1,029	2,641	445	384	1,357	1,907	537	400	1,485	1,460	682
Connecticut	31	1,407	56	878	10	1,696	60	686	7	1,752	49	1,135
Delaware	36	964	76	401	42	1,161	85	507	31	1,253	94	606
Florida	755	445	3,807	227	289	388	2,032	236	222	468	1,479	290
Georgia	1,591	618	16,293	227	485	558	10,358	192	632	605	7,138	232
Idaho	699	1,090	1,332	468	413	1,255	686	659	420	1,573	863	781
Illinois	1,073	1,099	2,789	375	551	1,679	1,795	461	632	1,770	1,042	586
Indiana	490	1,051	1,348	431	355	1,586	1,183	519	537	1,559	899	609
Iowa	1,361	1,381	1,973	513	818	1,773	1,787	579	859	1,791	1,389	691
Kansas	1,706	716	4,020	343	701	1,097	2,722	381	515	1,227	1,674	492
Kentucky	1,680	375	3,296	243	515	447	2,859	274	916	421	2,583	285
Louisiana	926	523	12,966	250	371	748	8,501	273	515	783	5,599	300
Maine	148	882	938	728	182	1,301	588	690	179	1,175	850	1,229
Maryland	254	946	504	516	189	1,170	529	551	160	1,395	449	550
Massachusetts	64	842	151	598	41	990	122	593	49	1,069	140	801
Michigan	555	941	1,043	462	509	1,137	1,078	555	513	1,267	779	638
Minnesota	1,183	1,187	1,351	466	1,068	1,689	1,350	543	908	1,841	1,091	583
Mississippi	1,932	467	18,031	228	602	777	13,134	233	828	681	9,294	248
Missouri	1,534	793	5,435	336	635	1,017	3,522	403	893	1,071	2,493	510
Montana	840	948	2,178	447	321	1,446	1,372	691	310	1,572	1,192	739
Nebraska	1,476	782	3,960	249	614	1,329	1,326	467	506	1,605	1,198	544
Nevada	31	1,116	55	843	49	1,113	66	901	13	1,548	49	975
New Hampshire	57	1,173	178	698	42	1,582	204	770	45	1,756	152	698
New Jersey	103	961	228	733	69	1,115	292	756	75	1,442	283	861
New Mexico	775	595	1,592	354	184	1,142	832	436	325	1,295	958	621
New York	470	1,297	1,233	535	597	1,653	1,425	604	421	1,678	1,226	631
North Carolina	2,528	404	10,513	291	1,026	494	10,272	325	1,625	541	8,238	372
North Dakota	731	714	2,566	250	484	1,217	600	588	418	1,398	787	594
Ohio	682	966	1,559	390	445	1,178	1,395	478	457	1,276	721	557
Oklahoma	3,834	778	11,365	275	1,633	905	9,475	277	1,985	1,160	6,754	390
Oregon	536	974	845	466	239	990	429	689	314	1,193	462	749
Pennsylvania	834	1,108	1,082	460	488	1,240	1,149	556	410	1,300	712	613
Rhode Island	14	1,369	39	554	6	1,113	21	458	10	1,385	20	761
South Carolina	845	586	9,614	214	230	455	6,336	191	264	510	3,712	211
South Dakota	1,484	980	2,163	430	670	1,476	1,561	548	518	1,691	904	650
Tennessee	818	445	4,515	207	370	540	2,544	243	714	600	2,454	240
Texas	6,640	618	19,376	319	2,039	988	13,432	325	2,281	1,181	9,571	466
Utah	151	1,066	674	508	158	981	652	605	186	1,226	634	776
Vermont	134	1,530	345	549	56	1,747	230	590	61	1,624	163	477
Virginia	506	411	2,991	262	224	495	1,740	325	316	389	1,554	298
Washington	641	1,217	716	726	309	1,325	485	863	251	1,505	444	895
West Virginia	512	435	1,018	290	152	528	695	273	155	471	749	222
Wisconsin	779	1,345	1,361	492	839	1,514	1,410	605	924	1,621	1,179	616
Wyoming	485	1,325	1,889	605	180	1,568	1,062	772	239	1,657	1,074	866
Alaska	18	2,012	0	0	20	1,695	1	1,000	15	1,453	0	0
Hawaii	54	1,022	16	706	40	1,097	14	641	37	1,380	25	1,057
Puerto Rico	5,272	127	2,458	160	2,256	159	3,844	139	2,149	183	4,081	158
Virgin Islands	8	129	73	104	9	316	92	119	10	170	31	77

1/ Standard and non-standard loans to individuals. Loans from state rural rehabilitation corporation trust funds not included. Includes Water Facilities loans from funds appropriated under the Pope-Jones Act: Fiscal year 1944 - 656 original, 334 supplemental; fiscal year 1945 - 999 original, 89 supplemental.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table V

Active Standard Rural Rehabilitation Borrowers in 1944:
Gross Income Farm Operating Expenses, Net Income,
Working Capital at Beginning and End of 1944 and Change in Working Capital During Year

State	Gross income					Farm operating expenses	Net income	Working capital			
	Cash farm income	Value of food and fuel	Income from off-farm work	Other income	Total			Beginning of 1944	End of 1944	Change during year	
										Amount	Percent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
U. S. TOTAL	$ 1,395	$ 441	$ 299	$ 126	$ 2,261	$ 810	$ 1,451	$ 1,793	$ 2,185	$ 392	22
Alabama	504	358	183	69	1,114	285	829	769	779	10	1
Arizona	2,481	335	773	299	3,888	1,702	2,186	2,769	3,131	362	13
Arkansas	613	415	292	54	1,374	319	1,055	734	884	150	20
California	3,862	363	796	312	5,333	2,577	2,756	3,272	3,969	697	21
Colorado	2,253	322	315	203	3,093	1,450	1.643	2,982	3,504	522	18
Connecticut	4,908	539	1,238	630	7,315	4,034	3,281	4,018	4,834	816	20
Delaware	1,845	601	377	198	3,021	1,365	1,656	2,408	3,087	679	28
Florida	708	371	216	63	1,388	463	925	1,050	1,118	68	6
Georgia	678	409	162	50	1,299	476	823	886	980	94	11
Idaho	3,121	406	438	197	4,162	1,701	2,461	3,035	3,783	748	25
Illinois	1,849	436	298	104	2,687	1,064	1,623	2,272	3,126	854	38
Indiana	1,641	408	431	143	2,623	996	1,627	2,408	3,049	641	27
Iowa	2,497	497	193	181	3,368	1,250	2,118	2,876	3,895	1,019	35
Kansas	1,572	366	351	129	2,418	952	1,466	2,705	2,935	230	8
Kentucky	1,081	492	204	122	1,899	392	1,507	1,139	1,506	367	32
Louisiana	703	369	248	55	1,375	341	1,034	824	946	122	15
Maine	3,525	562	383	162	4,632	2,577	2,055	3,075	3,296	221	7
Maryland	1,599	522	217	130	2,468	1,127	1,341	1,836	2,478	642	35
Massachusetts	4,548	430	805	265	6,048	3,605	2,443	2,743	3,096	353	13
Michigan	1,553	389	689	157	2,788	895	1,893	2,408	2,920	512	21
Minnesota	1,961	399	223	180	2,763	1,226	1,537	2,801	3,334	533	19
Mississippi	671	403	206	73	1,353	314	1,039	817	995	178	22
Missouri	1,202	512	302	133	2,149	680	1,469	1,681	2,120	439	26
Montana	2,633	444	316	165	3,528	1,449	2,079	4,073	4,894	821	20
Nebraska	1,926	369	167	118	2,580	1,054	1,526	2,894	3,585	691	24
Nevada	3,447	528	656	129	4,760	1,643	3,117	5,172	5,864	692	13
New Hampshire	3,208	471	580	399	4,658	2,584	2,074	3,683	3,741	58	2
New Jersey	4,711	410	656	196	5,973	3,641	2,332	2,579	3,110	531	21
New Mexico	1,197	403	350	180	2,130	708	1,422	1,691	2,051	360	21
New York	2,687	451	429	342	3,909	1,866	2,043	3,209	3,795	586	18
North Carolina	1,070	611	158	59	1,898	444	1,454	853	1,099	246	29
North Dakota	2,016	382	229	105	2,732	931	1,801	2,598	3,287	689	27
Ohio	1,416	440	469	160	2,485	933	1,552	2,017	2,490	473	23
Oklahoma	1,345	524	302	98	2,269	742	1,527	1,649	2,117	468	28
Oregon	3,122	383	674	203	4,382	1,934	2,448	2,991	3,687	696	23
Pennsylvania	1,810	499	734	237	3,280	1,274	2,006	2,533	3,136	603	24
Rhode Island	4,432	466	1,034	632	6,564	3,309	3,255	2,778	2,729	-49	-2
South Carolina	807	362	137	54	1,360	421	939	862	950	88	10
South Dakota	1,788	338	199	123	2,448	973	1,475	2,858	3,622	764	27
Tennessee	913	456	165	97	1,631	360	1,271	1,258	1,509	251	20
Texas	1,142	494	355	147	2,138	738	1,400	1,590	1,826	236	15
Utah	2,596	421	632	156	3,805	1,392	2,413	3,275	3,842	567	17
Vermont	3,377	529	287	455	4,648	2,367	2,281	3,569	4,089	520	15
Virginia	928	557	314	108	1,907	433	1,474	1,119	1,380	261	23
Washington	3,202	387	779	170	4,538	2,159	2,379	2,765	3,450	685	25
West Virginia	718	518	558	135	1,929	458	1,471	1,218	1,448	230	19
Wisconsin	2,054	511	335	252	3,152	1,177	1,975	2,762	3,669	907	33
Wyoming	2,522	300	374	280	3,476	1,360	2,116	3,996	4,660	664	17

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VI — Rural Rehabilitation Loans and Collections by Fiscal Years 1/

Fiscal year	Loan Obligations	Collections		
		Principal	Interest	Total
(1)	(2)	(3)	(4)	(5)
1936	$ 76,962,281	$ 991,875	$ 9,939	$ 1,001,814
1937	74,501,314	22,089,409	923,128	23,012,537
1938	70,191,639	26,117,504	1,221,805	27,339,309
1939	119,051,005	33,209,930	736,731	33,946,661
1940	97,758,893	47,335,631	7,622,735	54,958,366
1941	118,037,344	51,220,014	11,155,901	62,375,915
1942	122,495,685	81,403,546	13,460,341	94,863,887
1943	96,372,055	114,765,976	13,954,800	128,720,776
1944	67,390,740	107,823,308	18,576,555	126,399,863
1945	78,657,602 2/	106,483,680	15,531,127	122,014,807
Total	921,418,558 2/	591,440,873	83,193,062	674,633,935

1/ Includes all Rural Rehabilitation loans to individuals and groups; includes $1,861,141 obligations for Water Facilities in arid and semi-arid areas under the Pope-Jones Act; does not include Corporation Trust Funds.

2/ Includes $10,943,280 non-cash advances

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VII

Rural Rehabilitation Loans, Maturities and Collections
Cumulative through June 30, 1945 1/

State and Territory	Loan Obligations 2/	Matured Principal	Collections			Ratio of total collections to total loans	Ratio of principal payments to matured principal
			Principal Repayments 3/	Interest Payments 4/	Total Collections		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
U. S. TOTAL	$921,418,558	$658,751,952	$591,440,873	$83,193,062	$674,633,935	73.2	89.8
Alabama	43,249,923	29,980,816	24,946,040	3,720,185	28,666,225	66.3	83.2
Arizona	3,610,988	2,958,089	2,652,255	375,728	3,027,983	83.9	89.7
Arkansas	44,210,245	35,494,529	29,699,874	3,220,843	32,920,717	74.5	83.7
California	15,153,041	14,315,593	11,387,453	1,668,339	13,055,792	86.2	79.5
Colorado	26,006,777	19,656,232	16,019,158	2,489,242	18,508,400	71.2	81.5
Connecticut	1,128,207	1,011,857	919,568	101,612	1,021,180	90.5	90.9
Delaware	541,529	266,103	246,951	43,130	290,081	53.6	92.8
Florida	12,569,121	7,859,028	5,955,399	1,033,393	6,988,792	55.6	75.8
Georgia	39,701,309	27,479,663	22,851,209	3,290,120	26,141,329	65.8	83.2
Idaho	16,044,912	12,718,751	11,565,500	1,575,764	13,141,264	81.9	90.9
Illinois	18,747,714	12,884,877	12,283,010	1,966,373	14,249,383	76.0	95.3
Indiana	15,566,715	10,802,568	10,605,167	1,620,433	12,225,600	78.5	98.2
Iowa	21,920,821	14,732,036	14,584,243	2,180,276	16,764,519	76.5	99.0
Kansas	27,102,677	20,480,041	18,341,891	2,983,343	21,325,234	78.7	89.6
Kentucky	13,766,844	10,609,314	10,214,778	1,212,084	11,426,862	83.0	96.3
Louisiana	32,767,483	25,617,513	21,981,795	2,282,721	24,264,516	74.1	85.8
Maine	12,989,015	10,399,349	8,771,636	1,045,062	9,816,698	75.6	84.3
Maryland	3,281,787	1,780,347	1,703,979	229,258	1,933,237	58.9	95.7
Massachusetts	1,605,837	1,301,670	1,163,003	153,666	1,316,669	82.0	89.3
Michigan	15,832,341	11,024,326	10,764,651	1,691,526	12,456,177	78.7	97.6
Minnesota	25,826,304	16,012,476	15,655,829	2,646,615	18,302,444	70.9	97.8
Mississippi	44,706,656	34,678,675	29,929,097	3,301,184	33,230,281	74.3	86.3
Missouri	33,799,832	23,003,982	22,641,895	3,479,541	26,121,436	77.3	98.4
Montana	22,786,407	15,610,331	13,047,873	2,163,053	15,210,926	66.8	83.6
Nebraska	25,515,828	18,698,098	17,216,290	3,279,976	20,496,266	80.3	92.1
Nevada	1,556,042	1,330,659	989,722	147,146	1,136,868	73.1	74.4
New Hampshire	2,600,530	1,562,318	1,391,929	259,078	1,651,007	63.5	89.1
New Jersey	3,329,039	1,965,387	1,693,290	273,680	1,966,970	59.1	86.2
New Mexico	9,072,441	5,683,951	5,176,148	722,649	5,898,797	65.0	91.1
New York	13,541,558	7,573,019	6,747,049	1,192,150	7,939,199	58.6	89.1
North Carolina	33,179,605	25,215,275	23,165,172	1,920,319	25,085,491	75.6	91.9
North Dakota	18,386,809	13,465,743	11,915,379	2,246,958	14,162,337	77.0	88.5
Ohio	17,138,766	11,565,020	10,780,089	1,938,186	12,718,275	74.2	93.2
Oklahoma	48,558,863	32,354,325	32,419,494	4,134,573	36,554,067	75.3	100.2
Oregon	10,960,402	9,096,016	7,997,375	1,014,886	9,012,261	82.2	87.9
Pennsylvania	10,522,553	5,226,424	5,033,985	922,313	5,956,298	56.6	96.3
Rhode Island	400,170	281,075	244,968	42,638	287,606	71.9	87.2
South Carolina	21,272,716	13,833,173	11,666,420	1,891,293	13,557,713	63.7	84.3
South Dakota	27,780,498	19,725,179	15,235,483	3,295,331	18,530,814	66.7	77.2
Tennessee	12,344,955	8,921,771	8,743,163	914,958	9,658,121	78.2	98.0
Texas	82,829,933	58,930,416	55,461,858	5,666,519	61,128,377	73.8	94.1
Utah	9,582,445	7,052,786	6,545,994	1,122,033	7,668,027	80.0	92.8
Vermont	2,800,890	1,854,884	1,819,849	283,734	2,103,583	75.1	98.1
Virginia	9,991,398	8,124,062	7,084,522	864,516	7,949,038	79.6	87.2
Washington	13,991,094	12,047,168	10,285,631	1,346,255	11,631,886	83.1	85.4
West Virginia	8,907,283	4,971,618	4,460,032	989,928	5,449,960	61.2	89.7
Wisconsin	21,428,212	13,550,717	14,143,043	2,075,104	16,218,147	75.7	104.4
Wyoming	18,011,339	12,514,961	11,104,509	1,934,154	13,038,663	72.4	88.7
Alaska	302,910	45,264	31,031	34,640	65,671	21.7	68.5
Hawaii	429,636	255,192	248,279	29,836	278,115	64.7	97.3
Puerto Rico	3,957,768	2,170,825	1,858,591	166,122	2,024,713	51.2	85.6
Virgin Islands	108,390	58,460	49,324	10,596	59,920	55.3	84.4

1/ All Rural Rehabilitation Loans to individuals and groups, including amounts appropriated for Water Facilities in arid and semi-arid areas under Pope-Jones Act; does not include Corporation Trust Funds.
2/ Includes $10,943,280 non-cash advances covering sale of project units.
3/ Includes $1,830,586 unapplied collections.
4/ Includes $203,401 unapplied collections.

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FARM SECURITY ADMINISTRATION

Table VIII

Rural Rehabilitation Loans by Fiscal Year 1/

State and Territory	Fiscal years 1936 and 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940	Fiscal year 1941	Fiscal year 1942	Fiscal year 1943	Fiscal year 1944	Fiscal year 1945	Cumulative as of June 30, 1945
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
U. S. TOTALS	$151,463,595	$70,191,639	$119,007,901	$97,757,748	$117,915,498	$122,370,465	$96,372,055	$66,627,583	$66,907,653	$908,614,137
Alabama	5,779,046	2,766,059	7,774,626	4,493,141	8,137,826	5,609,907	5,107,413	1,502,398	1,481,842	42,652,258
Arizona	802,633	350,334	459,119	396,517	502,135	474,615	245,539	158,858	199,003	3,588,753
Arkansas	5,943,716	3,063,810	6,994,466	5,667,953	5,696,984	5,375,558	5,211,407	3,005,811	2,277,003	43,236,708
California	3,844,950	1,387,135	1,740,549	1,229,088	2,038,100	1,788,498	1,306,267	802,683	862,345	14,999,615
Colorado	5,080,247	2,817,026	3,578,535	2,734,878	2,320,876	3,714,222	2,207,775	1,486,640	1,556,572	25,496,771
Connecticut	229,797	71,652	187,432	147,526	115,598	157,408	92,777	58,124	67,893	1,128,207
Delaware	35,971	11,688	25,350	76,678	54,424	84,547	65,221	91,888	95,762	541,529
Florida	2,478,771	1,359,046	1,776,133	935,871	1,787,115	1,881,076	1,224,579	593,527	533,003	12,569,121
Georgia	5,360,909	2,192,257	6,601,416	3,903,313	6,250,633	5,868,228	4,821,484	2,258,564	2,035,695	39,292,499
Idaho	2,069,942	1,253,187	2,318,105	2,272,408	2,174,440	2,101,185	1,475,177	930,952	1,317,887	15,913,283
Illinois	3,136,819	1,461,028	2,729,764	1,979,773	2,198,619	1,513,093	2,246,975	1,753,083	1,728,560	18,747,714
Indiana	2,297,792	1,563,967	2,380,844	1,658,143	2,675,548	1,332,964	1,095,997	1,176,982	1,384,478	15,566,715
Iowa	2,916,271	1,726,593	3,132,017	1,870,182	2,544,853	1,842,273	2,906,515	2,484,768	2,497,349	21,920,821
Kansas	6,077,938	2,509,069	3,232,766	2,832,356	3,149,705	3,403,710	2,618,702	1,796,816	1,441,880	27,062,942
Kentucky	2,133,331	742,416	1,063,181	1,978,998	2,110,125	1,743,107	1,431,351	1,013,935	1,122,235	13,338,679
Louisiana	4,218,739	2,667,467	3,759,446	2,545,692	4,841,627	5,641,877	3,782,352	2,603,721	2,085,262	32,146,183
Maine	2,204,934	1,167,719	1,727,596	2,163,048	1,431,629	1,574,169	822,265	642,814	1,254,841	12,989,015
Maryland	202,434	130,223	241,234	403,522	302,043	512,824	507,151	512,406	469,950	3,281,787
Massachusetts	358,412	77,831	203,589	188,901	148,687	206,713	144,176	112,960	164,568	1,605,837
Michigan	2,646,695	974,409	1,838,335	2,094,083	2,487,857	2,449,276	1,017,292	1,176,751	1,147,643	15,832,341
Minnesota	4,585,142	1,480,924	2,362,548	2,553,174	3,493,386	4,167,942	2,338,308	2,536,703	2,308,177	25,826,304
Mississippi	5,247,254	3,677,362	5,797,264	4,720,487	7,372,263	6,149,590	5,064,696	3,528,979	2,859,883	44,427,778
Missouri	5,383,750	3,335,905	4,665,795	3,424,441	5,314,048	3,609,112	3,065,980	2,066,696	2,228,355	33,094,082
Montana	2,831,942	2,265,488	4,423,230	2,559,202	1,877,546	3,430,879	1,828,288	1,393,266	1,344,081	21,953,922
Nebraska	5,808,256	2,796,047	3,711,772	2,613,832	2,497,831	2,892,646	2,143,620	1,388,623	1,420,077	25,272,704
Nevada	341,932	131,321	164,333	89,781	139,930	393,517	81,129	105,601	67,929	1,515,473
New Hampshire	596,594	182,539	273,685	324,320	213,784	407,438	193,310	223,697	185,163	2,600,530
New Jersey	786,499	258,376	273,071	432,032	252,325	407,674	269,641	297,628	351,793	3,329,039
New Mexico	2,389,410	494,061	519,462	562,332	875,933	1,206,600	1,113,530	543,171	986,062	8,690,561
New York	1,831,906	783,347	1,327,317	2,051,262	1,279,784	1,656,798	1,283,090	1,847,581	1,480,473	13,541,558
North Carolina	3,950,993	2,161,708	3,049,443	2,896,215	3,837,619	4,884,139	4,081,807	3,845,638	3,943,619	32,651,181
North Dakota	4,422,757	1,606,922	3,019,889	1,919,039	1,654,641	1,812,332	1,192,361	930,281	1,035,888	17,594,110
Ohio	2,658,536	1,712,409	2,752,644	1,580,793	2,646,567	1,749,656	1,282,152	1,190,734	984,655	16,558,146
Oklahoma	6,333,575	2,829,411	4,865,164	5,632,937	6,699,459	6,242,959	6,150,113	4,058,803	4,892,603	47,705,024
Oregon	1,457,887	1,219,689	1,467,916	1,124,863	1,175,199	1,691,287	974,611	509,407	691,938	10,312,797
Pennsylvania	1,586,293	354,965	791,770	1,437,212	1,073,384	1,611,174	1,452,688	1,245,137	969,930	10,522,553
Rhode Island	131,124	28,477	33,175	48,291	23,197	49,756	40,773	16,307	29,070	400,170
South Carolina	4,012,432	1,600,637	3,180,373	1,227,043	2,794,326	3,157,182	2,552,536	1,313,265	918,995	20,756,789
South Dakota	5,728,046	2,675,144	3,798,939	3,146,570	3,069,766	3,404,869	2,461,925	1,830,564	1,444,532	27,560,355
Tennessee	2,244,123	660,537	1,272,047	1,551,890	1,539,210	1,682,408	1,298,402	816,636	1,018,514	12,083,767
Texas	14,071,733	4,958,814	8,410,154	8,503,354	9,344,209	12,624,185	10,569,451	6,071,144	6,942,973	81,496,017
Utah	2,700,666	1,057,107	1,179,047	868,828	895,190	895,665	590,539	520,400	674,357	9,381,799
Vermont	599,604	96,135	245,334	393,131	224,960	422,653	408,704	233,499	176,870	2,800,890
Virginia	2,214,571	608,822	808,760	1,332,830	1,488,148	1,212,276	990,380	675,851	586,213	9,917,851
Washington	2,446,662	1,502,851	1,806,204	1,422,775	1,577,263	2,042,170	1,330,753	798,451	734,350	13,661,479
West Virginia	3,153,878	587,937	1,467,412	1,164,780	881,157	624,827	518,076	270,149	239,067	8,907,283
Wisconsin	4,069,449	1,286,507	2,387,718	2,043,375	2,554,467	2,962,369	1,776,600	2,124,319	2,223,408	21,428,212
Wyoming	2,059,234	1,544,181	3,141,118	2,262,271	1,903,425	2,838,122	1,794,321	1,084,055	1,287,554	17,914,281
Alaska	0	0	0	204,000	0	6,000	36,210	34,900	21,800	302,910
Hawaii	0	1,100	32,240	39,270	102,002	58,185	66,491	52,861	77,487	429,636
Puerto Rico	0	0	0	21,790	135,285	787,223	1,073,751	895,741	1,043,978	3,957,768
Virgin Islands	0	0	15,574	33,557	10,370	13,582	17,404	13,815	4,088	108,390

1/ Includes Rehabilitation loan obligations to all individuals and groups. Corporation Trust funds, Tenant Purchase and Flood and Windstorm loans are not included. Does not include $1,861,141 obligations under the appropriation, "Water Facilities, Arid and Semi-arid Areas.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table IX Grants to Individuals and Groups by Type of Grant During the 1945 Fiscal Year 1/

State	Grants to individuals for				Total		Grants to health groups	
	Enviromental sanitation		Disaster					
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
U. S. TOTAL	309	$ 21,869	3	$ 200	312	$ 22,069	5	$ 174,550
Arkansas	0	0	0	0	0	0	1	15,805
Gerogia	0	0	0	0	0	0	1	14,711
Mississippi	0	0	0	0	0	0	1	53,518
New Mexico	0	0	0	0	0	0	1	50,516
Oklahoma	0	0	3	200	3	200	0	0
Texas	0	0	0	0	0	0	1	40,000
Puerto Rico	309	21,869	0	0	309	21,869	0	0

1/ Does not include Flood and Windstorm Restoration grants.

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Table X

RR Loan Applications from Veterans of World War II, Number of Loans - Average
Cumulative as of June 30, 1945

State and Territory	Number of original loan applications	Loans approved				Applications on hand end of period
		Original		Supplemental		
		Number	Average amount	Number	Average amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
U. S. TOTAL	6,417	2,550	$ 1,260	484	$ 578	548
Alabama	154	56	596	11	125	20
Arizona	11	4	1,636	1	2,500	0
Arkansas	313	81	603	31	404	11
California	84	29	1,534	1	2,500	11
Colorado	148	51	1,554	12	288	7
Connecticut	4	2	2,106	1	288	0
Delaware	2	1	2,500	1	375	1
Florida	70	30	487	9	427	5
Georgia	138	27	737	14	781	32
Idaho	62	35	1,687	1	227	2
Illinois	171	60	1,752	4	306	12
Indiana	193	42	1,572	4	1,275	25
Iowa	311	153	1,851	21	1,017	41
Kansas	170	82	1,389	17	492	8
Kentucky	175	77	469	24	401	9
Louisiana	138	41	924	8	657	10
Maine	39	22	939	4	1,050	1
Maryland	16	10	1,152	5	971	1
Massachusetts	10	6	917	0	0	0
Michigan	116	56	1,112	13	756	6
Minnesota	229	107	1,679	14	622	15
Mississippi	307	75	677	27	250	38
Missouri	457	181	1,091	29	599	35
Montana	94	39	1,876	6	740	4
Nebraska	168	91	1,470	12	394	10
Nevada	12	4	765	1	745	1
New Hampshire	10	5	1,993	2	1,428	2
New Jersey	13	7	1,061	0	0	2
New Mexico	74	20	1,600	9	474	2
New York	84	33	1,823	11	690	5
North Carolina	156	68	506	11	276	9
North Dakota	147	65	1,669	7	624	17
Ohio	113	58	1,283	9	400	7
Oklahoma	614	245	1,312	36	524	80
Oregon	64	21	1,344	4	1,309	3
Pennsylvania	66	26	1,535	2	512	8
Rhode Island	2	1	2,500	0	0	1
South Carolina	44	14	484	1	320	5
South Dakota	162	98	1,831	18	732	12
Tennessee	147	44	585	13	181	6
Texas	640	249	1,249	38	770	43
Utah	35	17	1,370	3	850	1
Vermont	12	5	1,500	0	0	1
Virginia	34	12	608	7	381	1
Washington	38	11	1,216	5	956	1
West Virginia	49	25	541	5	302	4
Wisconsin	185	90	1,510	10	831	12
Wyoming	68	37	1,941	8	1,409	2
Hawaii	0	0	0	0	0	0
Puerto Rico	68	37	158	14	150	19

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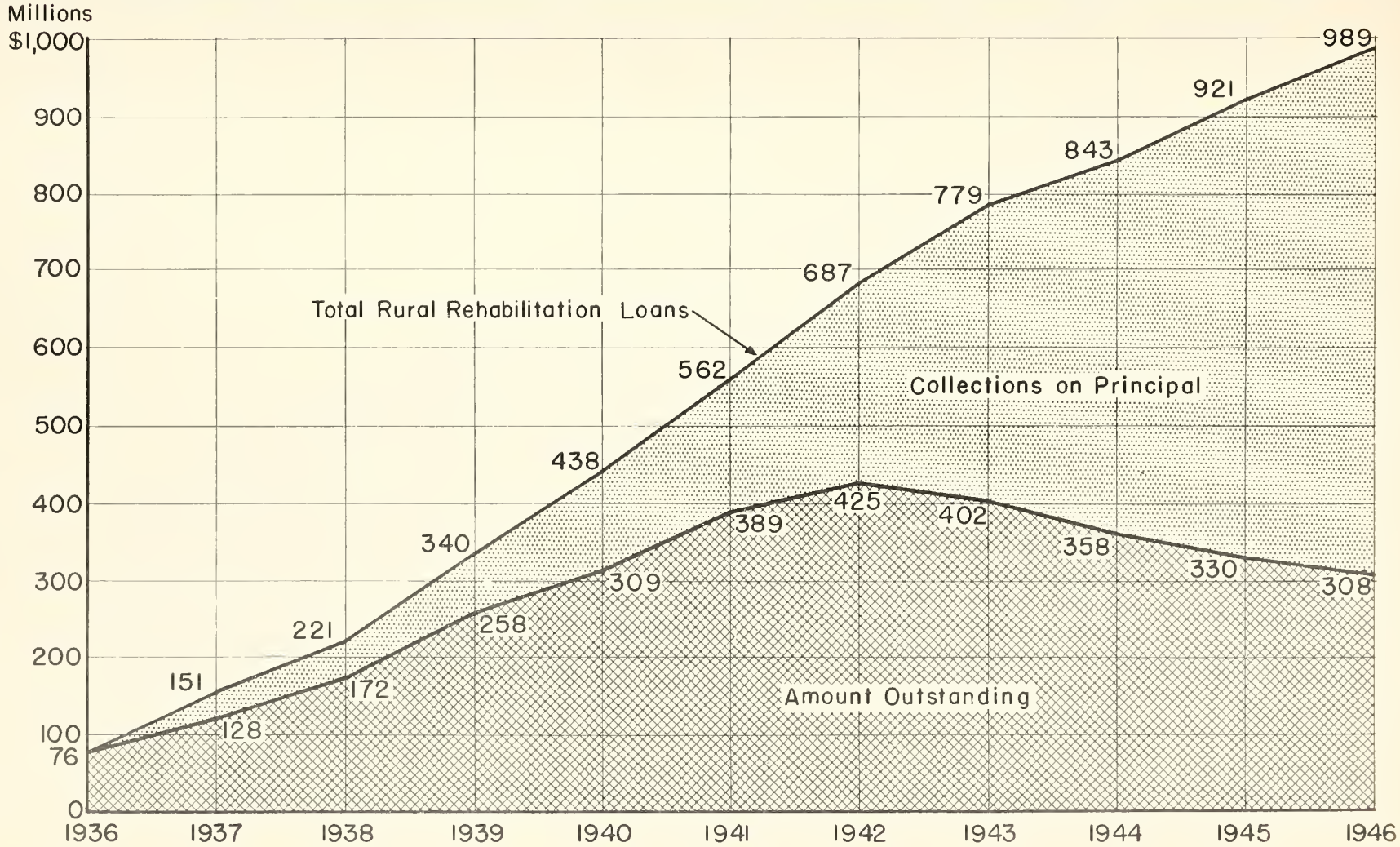
FIG. / RURAL REHABILITATION LOANS AND COLLECTIONS BY FISCAL YEARS



Note: In addition to the $591,440,873 that had been collected on principal as of June 30, 1945, a total of $83,193,062 had been collected as interest. Figures for fiscal year 1946 are estimated. Corporation Trust funds are omitted.

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FIG. 2 PRINCIPAL REPAYMENTS ON RURAL REHABILITATION LOANS AS A PERCENT OF MATURED PRINCIPAL BY FISCAL YEARS

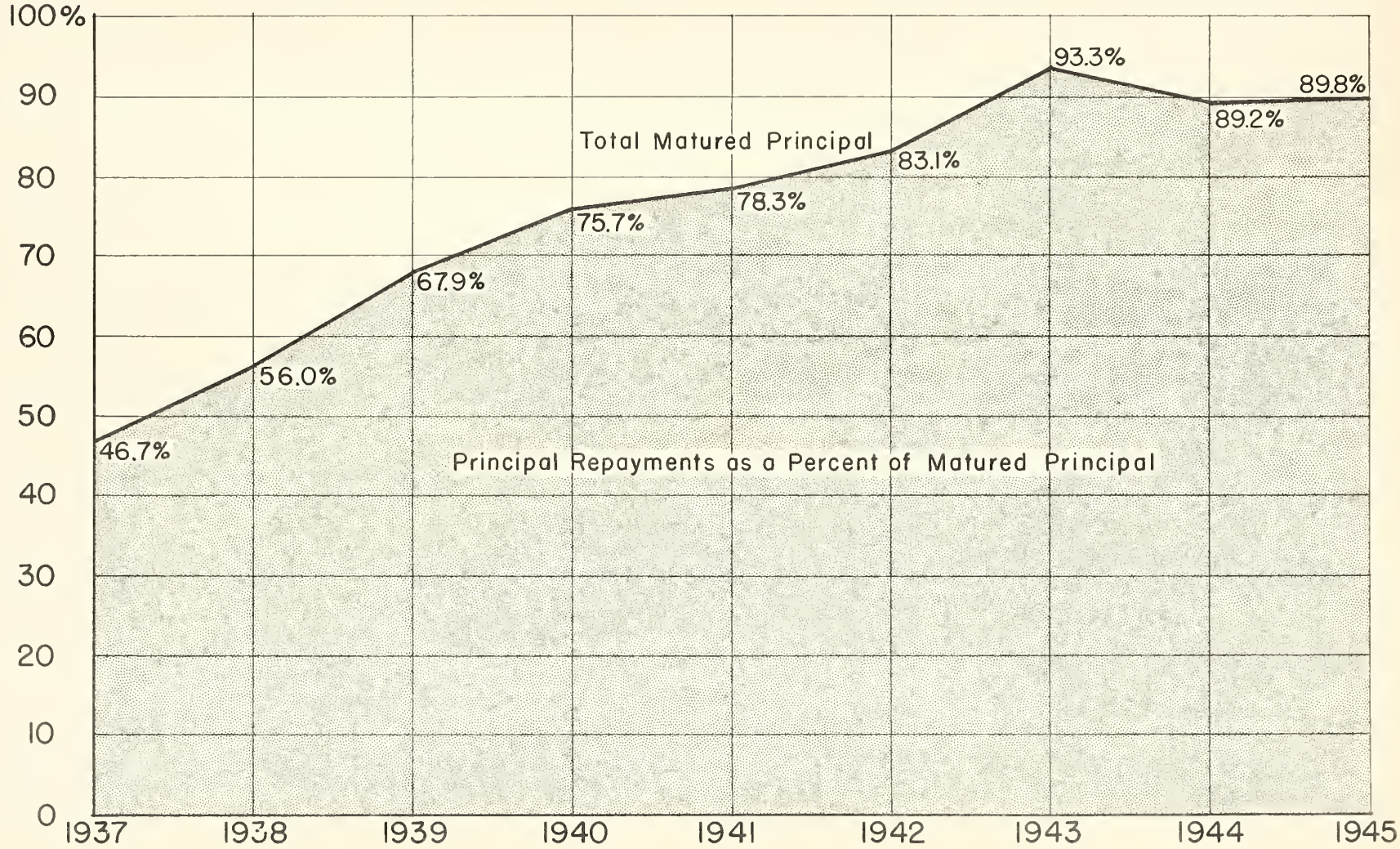

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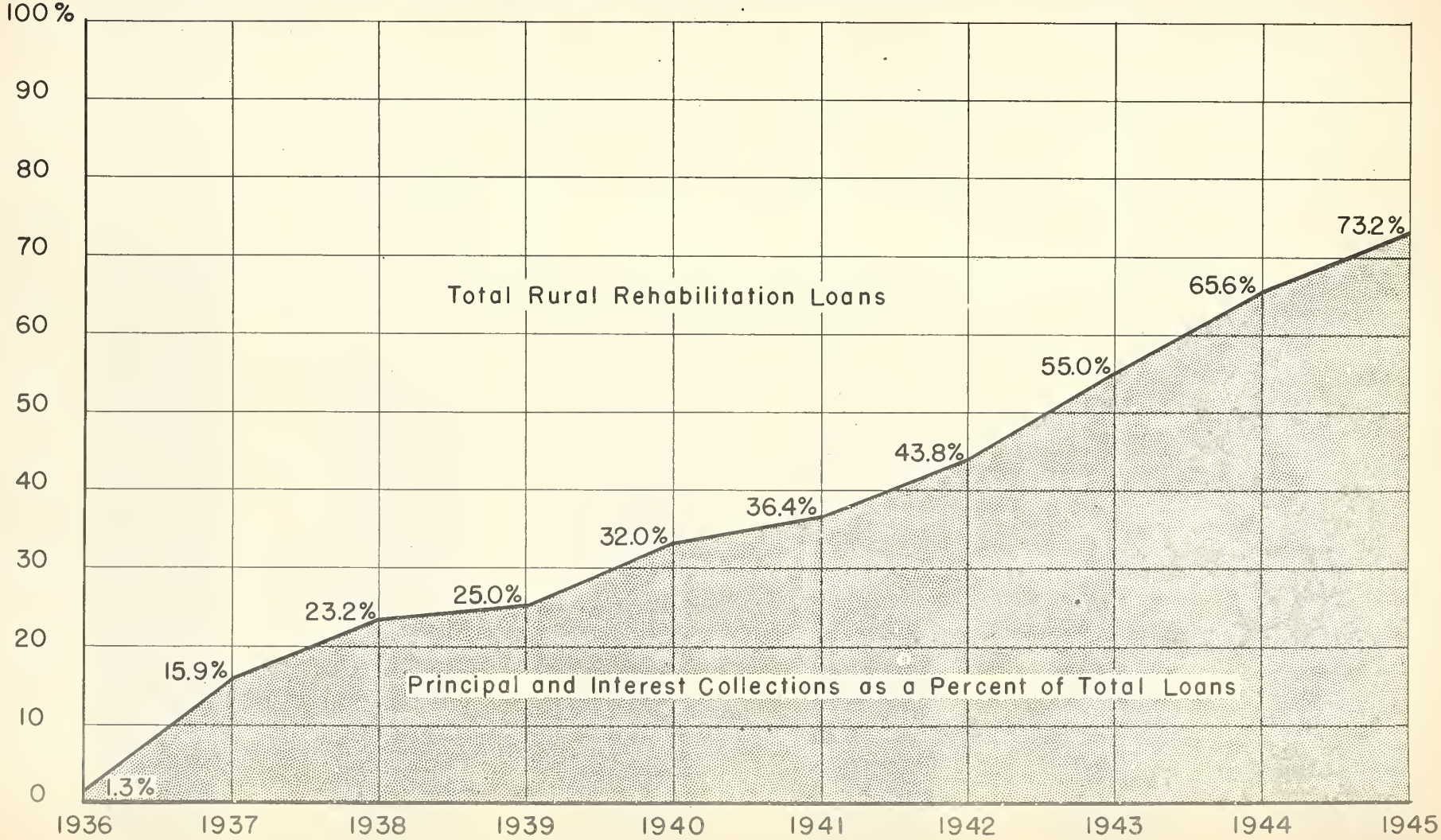
FIG. 3 TOTAL PRINCIPAL AND INTEREST COLLECTIONS ON RURAL REHABILITATION LOANS AS A PERCENT OF TOTAL LOANS



NOTE: Corporation Trust funds are omitted.

(b) Farm Tenancy

Appropriated funds:		
Appropriation Act, 1946		$2,500,000
Anticipated supplemental for additional costs due to the Federal Employees Pay Act of 1945		+365,000
Total anticipated available, 1946		2,865,000
Budget estimate, 1947		2,804,000
Change for 1947:		
Overtime decrease	-49,225	
Other decrease	-11,775	-61,000

Authorization for borrowings from RFC for loans:	
Authorization, 1946	50,000,000
Authorization, Budget estimate, 1947	50,000,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Salaries and expenses	$1,247,027	$2,812,211	$2,800,725	-$11,486
2. Overtime pay	178,621	49,225	- -	-49,225
Covered into Treasury as miscellaneous receipts, Public Law 529	835	- -	- -	- -
Transferred to:				
"Salaries and expenses, Division of Disbursement, Treasury Department"	2,874	3,520	3,231	-289
"Printing and binding, Division of Disbursement, Treasury Department"	48	44	44	- -
Unobligated balance	70,595	- -	- -	- -
Total available	1,500,000	2,865,000	2,804,000	-61,000
Anticipated supplemental	- -	-365,000	- -	
Total appropriated funds	1,500,000	2,500,000	2,804,000	
3. Loans (RFC funds)	11,699,846	50,000,000	50,000,000	- -

(See next page)

INCREASES OR DECREASES

The decrease of $61,000 in appropriated funds for 1947 consists of the $49,225, decrease for overtime and a net decrease of $11,775 constituting (1) a decrease of $22,775 included in the 1946 estimated supplemental for costs of Federal Employees Pay Act, but excluded from the 1947 estimate, representing additional costs resulting from acceleration of within-grade salary advancements required in 1946 by the Pay Act, and (2) an increase of $11,000 in the estimates for placing on a full-year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

The 1947 Loan Program:

(a) Loans to Non-veterans: It appears that by 1947 applications from non-veterans for loans for the purchase of farms under Title I of the Bankhead-Jones Farm Tenant Act will increase in volume as farmers engaged in war industries return to farms. Availability of farms at prices consistent with earning capacity values may, and probably will, continue to limit the number of sound loans that can be made. However, farm real estate prices will vary from state to state, county to county, and community to community. A loan authorization of $25,000,000 is needed in order to meet the demand for loans where sound purchases can be made. Some states may not need all of their loan quotas. If so, only those amounts that can be safely invested would be borrowed from RFC. It is a case of authorizing more money than can be used in some states in order to have enough in other states.

(b) Loans to Veterans: Reports submitted by field offices for the 1946 program indicate a rapidly increasing demand for these loans from veterans. This is due to (1) the increased rate of discharges, and (2) the curtailment of war production, with less opportunity for employment in industry. Thus it seems probable that demand for this type of loan from World War II veterans will be greater during 1947 than during the current fiscal year.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language as follows (new language underscored, deleted matter enclosed with brackets):

Change No.

1 To enable the Secretary [through the War Food Administration] to carry into effect the provisions of title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U.S.C. 1000-1006), as follows:

Salaries and expenses: For necessary expenses in connection
2 with the making of loans [under title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U.S.C. 1000-1006),] and the collection of moneys due the United States on account
3 of loans heretofore made under the provisions of title I of

Change
No.

said Act, including the employment of persons and means in the District of Columbia and elsewhere, exclusive of printing and binding, as authorized by said Act, [$2,500,000] $2,804,000.

Loans: For loans to individual farmers in accordance with
4 title I of [the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U.S.C. 1000-1006)] said Act and section
5 505(b) of the Servicemen's Readjustment Act of 1944 ([Public Law 346] 38 U.S.C. 694e(b)), * * *

The first change in language eliminates the words "through the War Food Administration" since that Administration was abolished by Executive Order 9577.

The second change eliminates the reference and citation to the basic legislation since it is quoted in the opening paragraph and its repetition is considered unnecessary. (See also third change in language.)

The third change inserts the words "title I of" to furnish proper reference in lieu of the reference and citation eliminated as explained in the second change in language, above.

The fourth change eliminates the reference and citation to the Act which is furnished in the opening paragraph of the language and substitutes therefor the words "said Act" for the purpose of simplification of the language.

The fifth change merely inserts, in order to conform to the standard method, the proper code citation to Public Law 346 in lieu of continued reference to the public law number.

WORK UNDER THIS APPROPRIATION

Objective: (a) Pursuant to Title I of the Bankhead-Jones Farm Tenant Act of July 22, 1937, to promote more secure occupancy of farms and farm homes by farm tenants, farm laborers and sharecroppers; to correct the economic instability resulting from some present forms of farm tenancy; to preserve the family-type farm in America; to correct maladjustments of population to the land which result in wasted manpower and impoverishment of the land and people. (b) Pursuant to Section 505 of the Servicemen's Readjustment Act of 1944, to extend the benefits of Title I of the Bankhead-Jones Farm Tenant Act to veterans of World War II.

The Problem and its Significance: The evils of certain forms of farm tenancy, causing impoverishment of land and people, are too well known to require restatement or elaboration. According to the census of 1940, 38.7 percent of all farms were operated by tenants as against 42 percent in 1930.

This does not mean, as is sometimes assumed, that the problems of tenancy are disappearing or that they are self-liquidating. On the contrary, the census of 1940 reveals that certain unwholesome trends are in progress. For example, the land in farms of one thousand acres or more in size increased from 28 percent of all farm land to 34.3 percent between 1930 and 1940. During the same period the number of family-type farms decreased. Farm tenants and sharecroppers were crowded down into the farm labor class. In 1940, 59.8 percent of all males on farms were non-landowners as aginst 57.2 percent in 1930.

The merit and strength of the family-type farm in the national economy was amply demonstrated in the war period. All over the country there were labor shortages on larger-than-family-type farms, while at the same time there was wasted manpower on smaller-than-family-type farms. The right balance as between land and labor has prevailed on the family-type farms.

Added to the long-time aspects of the problem of tenancy is the current problem of providing suitable opportunities on farms for returning veterans and displaced war workers. This problem is complicated by rising farm real estate prices. However, the Farm Security Administration has found that there are still many local areas in the United States in which farms can be purchased at prices reasonably consistent with earning capacity values if sufficient freedom is allowed in the selection of farms and in the distribution of loan funds. It is the policy to refrain from making loans when prices asked for farms are out of line with their long-time earning capacity values. A County Committee of three farmers must certify as to the eligibility of an applicant and as to the amount which the Committee finds is the reasonable value of the farm to be acquired.

Progress and Current Program:

Allocation of funds: Section 4 of Title I of the Bankhead-Jones Farm Tenant Act provides that in making loans under this title, the amount which is devoted to such purposes during any fiscal year shall be distributed equitably among the several States and Territories on the basis of farm population and prevalence of tenancy, as determined by the Secretary. In accordance with this provision, allocations have been computed each year on the basis of the most recent census data available which at present is the 1940 census. Allocations to the States and Territories of the $25,000,000 for non-veterans' loans have been made for the 1946 fiscal year in the same manner as in previous years. (See Table II.)

Exception for loans to veterans: There is, however, an exception to this allocation requirement for half of the loan funds available during the fiscal year 1946. Section 505 (b) of Title II of the Servicemen's Readjustment Act of 1944 provides that any person who is found by the Administrator of Veterans Affairs to be a veteran eligible for the benefits of this title and who is found by the Secretary of Agriculture, by reason of his ability and experience, including training as a vocational trainee, to be likely to carry out successfully undertakings required of him under a loan which may be made under the Bankhead-Jones Farm Tenant Act, shall be eligible for the benefits of such Act to the same extent as if he were a farm tenant. The Department of Agriculture Appropriation Act for 1946 provides that $25,000,000 of the $50,000,000 authorized for loans under the Bankhead-Jones Farm Tenant Act shall be available for loans to veterans eligible under the Servicemen's Readjustment Act, and that this $25,000,000 be distributed, without regard to the provisions of Section 4 of the Bankhead-Jones Farm Tenant Act, among the States and Territories in such amounts as are necessary to meet the demand for such loans.

Loan approvals and applications: From the passage of the Bankhead-Jones Farm Tenant Act in 1937 through June 30, 1945, 38,089 loans totaling $222,489,779 had been approved for worthy farmers to enable them to purchase family-type farms. Each year the number of applications for the loans has greatly exceeded the number which could be approved within the limits of available funds. During the fiscal year 1945, 63,146 applications were received but only 1,870 loans were approved. (See Tables III and IV.)

Of the $15,000,000 available in 1945, $11,699,846 was obligated. Three factors, individually or in combination, prevented the use of the full amount authorized: (1) the allocation formula of the Bankhead-Jones Farm Tenant Act, which does not permit the transfer of funds between States on the basis of demand or availability of farms; (2) the restriction in the 1945 Agriculture Appropriation Act limiting the size of loans to the average value of farms 30 acres or more in size in a county, parish or locality, as determined by the 1940 census; and (3) the high prices of farm real estate in many areas.

In the fiscal year 1946 greater flexibility is possible in the use of the $25,000,000 authorization for veterans' loans, since neither the allocation formula nor the price limitation clause of the 1946 Agriculture Appropriation Act applies to the use of this part of the total loan authorization.

During the month of June 1945, 195 veterans applied for tenant purchase loans. Applications by veterans from October 1944 through June 1945 averaged 151 per month. Sixty-six loans totaling $336,784 were approved for veterans in the fiscal year 1945, and 791 applications were on hand when the year ended. (See Table V.)

Size of loans and type of farms: The average size of loans has been $5,852 for 38,089 farms purchased during the eight years the Tenant Purchase Program has been in existence. All farms purchased are carefully appraised on the basis of earning capacity, using average long-time yields and prices for computing agricultural values. In addition to this conservative technical appraisal, the Act requires that a local County Committee of three farmers must certify to the applicant's eligibility and to the agricultural value of each farm before a loan to buy it can be approved.

During 1945 the average purchase price paid for the farm unit itself, exclusive of expenditures for building repairs or land improvements, was $4,230 or less than $33 per acre. In addition, the average size loan included $196 for land improvements, $700 for buildings other than dwellings and $816 for new dwellings or repairs to existing dwellings. (See Table VI for distribution of amounts of loans for fiscal year 1945.)

These farms are economic farm management units of a size that can be operated successfully by an average farm family without the hiring of outside labor except during brief peak-load periods such as planting and harvest time. The average size of the farms purchased through 1945 has been 135 acres, as compared to the average acreage of 227 for all farms of 30 acres or more as reflected in the 1940 census. (See Table VII.) Each farm has an estimated income capacity sufficient to maintain an acceptable standard of living, pay annual operating expenses, pay for and maintain the foundation livestock, workstock and farm and home equipment, and repay the loan with interest at 3 percent within a period of 40 years.

Collections: The Bankhead-Jones Farm Tenant Act contained the first legislative recognition by Congress that farming is a business characterized by low and high income fluctuation and that debt-paying ability rises and falls correspondingly. Section 48 stated that the Secretary of Agriculture might provide for a system of variable payments "under which a surplus above the required payment will be collected in periods of above-normal production or prices and employed to reduce payments below the required payment in periods of subnormal production or prices."

Since July 1, 1941 all new payment contracts have included this variable payment provision, these borrowers having agreed to pay more on their farm purchase debts in high-income years in order to pay less in low-income years. As of December 31, 1944, 27,933 families were using the variable payment plan, and 6,621 borrowers were still under contract to pay fixed amounts of principal and interest annually.

Tenant purchase borrowers' success in further improving their financial position during a period of favorable agricultural income is seen in collection reports for the calendar year 1944. If the variable payment borrowers with payments due during 1944 had paid only "schedule", which is the amount required to amortize their debts in 40 equal annual installments, they would have paid $7,021,645. They actually paid $16,877,550, which is $9,855,905 more than schedule. This surpasses the record of any previous year.

From the beginning of the program through December 31, 1944, the active variable payment borrowers had made cumulative payments of $34,823,049 as against $19,747,831 which would have been due under a fixed payment contract. This places these families $15,075,218, or 76 percent ahead of schedule. (See Table VIII.)

Sixty-six percent, as compared to 57 percent the year before, of the active variable payment borrowers were ahead of schedule as of December 31, 1944, by an average of $912. This amounts to about three average annual installments of principal and interest. Sixteen percent were exactly on schedule. Only 18 percent, as compared to 25 percent the year before, were behind schedule by an average amount of $232 or the equivalent of less than one annual installment of principal and interest. In other words, during the calendar year 1944, the number of variable payment borrowers ahead of schedule increased 9 percent, and the number behind schedule decreased 7 percent.

For all tenant purchase borrowers, including those paying fixed annual amounts, 33,067 borrowers who were active at the close of 1944 (excluding borrowers who have paid in full) had made cumulative payments of $41,360,958 as compared with $26,268,225 required to amortize their loans in 40 years. This places them $15,092,723, or 57 percent ahead of schedule. In addition, the 33,067 families paid $13,771,995 in the form of extra payments (including refunds on loans, proceeds from the sale of mortgaged property, and advance payments by borrowers under contract to pay fixed amounts annually).

In comparing the amounts of principal and interest repaid to the amounts for which all borrowers have been billed, it is found that 98.1 percent of the amounts which have fallen due have been repaid. On March 31, 1945 there were 4.527 borrowers delinquent in an average

amount of $217. This represents a reduction of 348 in the number of delinquents as compared to June 30, 1944 although there is an average increase of approximately $20 per borrower in the amount delinquent. (See Tables IX, X, and XI.) As of June 30, 1945, 1,638 tenant purchase borrowers had paid for their farms in full.

The program established under Title I of the Bankhead-Jones Farm Tenant Act can be said to have passed the experimental stage. It has been demonstrated to be a practical and successful means of achieving the purpose of the Act. An organization for operating the program has been developed and it can be expanded as the program expands. Farm tenants, farm laborers and sharecroppers have shown that they are eager for the loans and that they are able to become successful owner-operators and retire their debts. The tenant purchase loan is especially well adapted to the needs of veterans. It appears that there is ample justification for expanding the program gradually when the farm real estate situation stabilizes.

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Table I Farm Tenancy: Method of Determining the Percentage Distribution for Allocating Loan Funds, by States

State and territory (1)	Farm population 1940 a/ (2)	Percentage of tenancy 1940 b/ (3)	Allocation factor: Farm population multiplied by percentage of tenancy 1940 c/ (4)	Percentage distribution of funds d/ (5)
U. S. TOTAL	31,782,907	38.591	12,351,408	100.0000000
Alabama	1,343,080	58.782	789,489	6.3918966
Arizona	114,448	11.588	13,262	0.1073742
Arkansas	1,113,102	53.279	593,050	4.8014734
California	670,426	19.146	128,360	1.0392317
Colorado	252,863	37.207	94,083	0.7617167
Connecticut	104,810	7.173	7,518	0.0608677
Delaware	45,974	32.566	14,972	0.1212160
District of Columbia	227	18.462	42	0.0003393
Florida	305,240	25.170	76,829	0.6220254
Georgia	1,367,627	60.107	822,040	6.6554315
Idaho	202,582	25.543	51,746	0.4189443
Illinois	978,907	43.095	421,860	3.4154806
Indiana	816,408	28.291	230,970	1.8699890
Iowa	930,810	47.574	442,824	3.5852068
Kansas	606,944	44.920	272,639	2.2073534
Kentucky	1,261,040	33.146	417,984	3.3841024
Louisiana	853,949	59.442	507,604	4.1096879
Maine	176,273	6.462	11,391	0.0922224
Maryland	245,623	26.107	64,125	0.5191699
Massachusetts	147,214	7.101	10,454	0.0846354
Michigan	870,832	16.952	147,623	1.1951951
Minnesota	914,609	32.337	295,757	2.3945212
Mississippi	1,403,142	66.240	929,441	7.5249817
Missouri	1,125,413	35.594	400,580	3.2431887
Montana	176,054	27.836	49,006	0.3967676
Nebraska	498,220	52.822	263,170	2.1306862
Nevada	15,862	14.442	2,291	0.0185468
New Hampshire	70,484	6.367	4,488	0.0363337
New Jersey	143,058	15.618	22,343	0.1808927
New Mexico	178,349	17.039	30,389	0.2460358
New York	730,453	12.754	93,162	0.7542620
North Carolina	1,659,477	44.372	736,343	5.9616124
North Dakota	327,943	45.127	147,991	1.1981697
Ohio	1,088,655	26.273	286,022	2.3157061
Oklahoma	930,412	54.440	506,516	4.1008786
Oregon	258,751	18.239	47,194	0.3820907
Pennsylvania	914,799	16.031	146,651	1.1873255
Rhode Island	17,308	10.252	1,774	0.0143661
South Carolina	916,612	56.110	514,310	4.1639819
South Dakota	307,318	52.996	162,866	1.3186046
Tennessee	1,275,582	40.278	513,779	4.1596787
Texas	2,159,548	48.914	1,056,321	8.5522334
Utah	104,658	13.286	13,905	0.1125771
Vermont	106,532	9.940	10,589	0.0857334
Virginia	986,447	26.936	265,709	2.1512474
Washington	340,402	17.704	60,265	0.4879182
West Virginia	532,615	22.742	121,127	0.9806760
Wisconsin	882,938	22.989	202,979	1.6433641
Wyoming	72,892	24.224	17,657	0.1429583
Alaska	2,393 e/	20.064	480	0.0038872
Hawaii	149,435 e/	70.667	105,601	0.8549732
Puerto Rico	1,084,168 e/	20.646 e/	223,837	1.8122413

a/ 1940 Census of Population
b/ Number of tenant-operated farms divided by number of all farms for each State: Census of Agriculture, 1940.
c/ Total factor is sum of State factors.
d/ State factor divided by Column "4" total.
e/ Estimated by the Bureau of the Census.

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Table II Farm Tenancy: Estimated Distribution of Loans by States, Fiscal Years 1946 and 1947

State and Territory (1)	Relative Farm population and prevalence of tenancy (2)	Fiscal Year 1946 Number of borrowers (3)	Fiscal Year 1946 Amount of loan (4)	Fiscal Year 1946 Average Per borrower (5)	Fiscal Year 1947 Number of borrowers (6)	Fiscal Year 1947 Amount of loan (7)	Fiscal Year 1947 Average per borrower (8)
U. S. TOTAL	100.00	4,166	$25,000,000 1/	6,000	4,166	$25,000,000 1/	6,000
Alabama	6.39	380	1,597,974	4,200	380	1,597,974	4,200
Arizona	0.11	2	26,844	10,500	2	26,844	10,500
Arkansas	4.80	255	1,200,368	4,700	255	1,200,368	4,700
California	1.04	24	259,808	10,600	24	259,808	10,600
Colorado	0.76	18	190,429	10,200	18	190,429	10,200
Connecticut	0.06	1	15,217	8,400	1	15,217	8,400
Delaware	0.12	5	30,304	5,800	5	30,304	5,800
District of Columbia	A	0	85		0	85	
Florida	0.62	33	155,506	4,700	33	155,506	4,700
Georgia	6.66	387	1,663,858	4,300	387	1,663,858	4,300
Idaho	0.42	9	104,736	10,600	9	104,736	10,600
Illinois	3.42	81	853,870	10,500	81	853,870	10,500
Indiana	1.84	50	467,497	9,300	50	467,497	9,300
Iowa	3.59	97	896,302	9,200	97	896,302	9,200
Kansas	2.21	63	551,838	8,700	63	551,838	8,700
Kentucky	3.38	120	846,026	7,000	120	846,026	7,000
Louisiana	4.11	171	1,027,422	6,000	171	1,027,422	6,000
Maine	0.09	4	23,056	5,400	4	23,056	5,400
Maryland	0.52	17	129,792	7,500	17	129,792	7,500
Massachusetts	0.09	3	21,159	7,000	3	21,159	7,000
Michigan	1.20	40	298,799	7,400	40	298,799	7,400
Minnesota	2.40	69	598,630	8,600	69	598,630	8,600
Mississippi	7.53	354	1,881,246	5,300	354	1,881,246	5,300
Missouri	3.24	126	810,797	6,400	126	810,797	6,400
Montana	0.40	9	99,192	11,000	9	99,192	11,000
Nebraska	2.13	54	532,672	9,800	54	532,672	9,800
Nevada	0.02	0	4,637		0	4,637	
New Hampshire	0.04	1	9,084	6,000	1	9,084	6,000
New Jersey	0.18	5	45,218	8,500	5	45,218	8,500
New Mexico	0.25	6	61,509	9,000	6	61,509	9,000
New York	0.76	29	188,566	6,400	29	188,566	6,400
North Carolina	5.96	317	1,490,403	4,700	317	1,490,403	4,700
North Dakota	1.20	42	299,543	7,000	42	299,543	7,000
Ohio	2.32	71	578,927	8,100	71	578,927	8,100
Oklahoma	4.10	165	1,025,220	6,200	165	1,025,220	6,200
Oregon	0.38	10	95,523	9,400	10	95,523	9,400
Pennsylvania	1.19	49	296,831	6,000	49	296,831	6,000
Rhode Island	0.02	0	3,592		0	3,592	
South Carolina	4.16	236	1,040,996	4,400	236	1,040,996	4,400
South Dakota	1.32	41	329,651	8,000	41	329,651	8,000
Tennessee	4.16	189	1,039,920	5,500	189	1,039,920	5,500
Texas	8.55	285	2,138,058	7,500	285	2,138,058	7,500
Utah	0.11	3	28,144	8,300	3	28,144	8,300
Vermont	0.09	3	21,433	5,400	3	21,433	5,400
Virginia	2.15	97	537,812	5,500	97	537,812	5,500
Washington	0.49	13	121,980	9,100	13	121,980	9,100
West Virginia	0.98	51	245,169	4,800	51	245,169	4,800
Wisconsin	1.64	58	410,841	7,000	58	410,841	7,000
Wyoming	0.14	3	35,740	9,500	3	35,740	9,500
Alaska	A	0	972		0	972	
Hawaii	0.85	35	213,744	6,000	35	213,744	6,000
Puerto Rico	1.81	85	453,060	5,300	85	453,060	5,300

1/ Does not include $25,000,000 for loans to veterans which will be distributed among states upon the basis of need.

A/ Less than 0.01 percent.

UNITED STATES DEPARTMENT OF AGRICULTURE
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Table III

Farm Tenancy: Loan Applications, Borrowers and Average Per Borrower

State and Territory	Fiscal year 1943			Fiscal year 1944			Fiscal year 1945			Fiscal years 1938-39-40-41-42-43-44-45	
	Number of loan applications	Number of borrowers	Average per borrower	Number of loan applications	Number of borrowers	Average per borrower	Number of loan applications	Number of borrowers	Average per borrower	Number of borrowers	Average per borrower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
U. S. TOTAL	110,113	4,799	$ 5,575	73,538	3,288	$ 6,023	63,146	1,870	$ 5,942	38,089	$ 5,852
Alabama	9,256	370	4,115	5,680	329	4,187	4,955	176	4,672	3,285	4,281
Arizona	103	3	9,817	49	2	10,995	52	2	8,053	27	8,889
Arkansas	6,419	261	3,844	3,751	99	4,685	3,857	121	5,007	2,184	4,672
California	1,130	18	10,091	651	15	11,042	547	12	11,554	229	9,545
Colorado	784	27	9,093	471	21	10,127	667	10	11,134	194	10,078
Connecticut	34	2	7,115	7	1	8,390	22	1	9,130	15	8,214
Delaware	95	3	7,633	66	6	5,712	53	2	8,815	47	5,903
Florida	1,711	43	3,966	914	21	4,653	663	11	4,748	302	4,400
Georgia	11,935	538	3,763	5,153	329	4,154	4,828	220	4,123	3,937	3,971
Idaho	380	20	6,194	211	11	10,357	164	5	10,333	106	9,591
Illinois	2,948	80	8,748	1,842	53	9,036	1,450	11	8,908	699	9,962
Indiana	1,497	64	9,275	1,290	56	9,115	1,685	31	8,917	506	9,251
Iowa	2,864	140	8,312	1,583	83	8,777	1,279	31	8,616	914	8,949
Kansas	1,913	89	6,518	1,519	72	8,343	930	36	8,925	625	8,712
Kentucky	3,355	159	6,654	2,029	47	6,275	1,437	12	5,993	886	7,073
Louisiana	4,370	175	5,236	2,113	49	6,143	2,035	52	5,938	1,472	5,334
Maine	151	3	9,093	136	4	4,097	121	2	4,168	34	5,303
Maryland	309	21	7,396	235	20	7,742	203	10	7,727	168	6,920
Massachusetts	144	4	6,676	59	2	7,797	48	2	5,450	26	6,359
Michigan	1,084	49	7,516	778	42	6,660	383	22	6,398	378	7,583
Minnesota	1,477	83	9,326	1,575	95	7,109	1,199	44	7,921	682	8,527
Mississippi	6,827	180	5,744	3,383	178	5,857	2,888	158	6,673	2,997	4,915
Missouri	4,442	173	5,400	3,881	148	6,387	3,339	66	6,225	1,303	6,190
Montana	303	12	7,732	212	5	11,060	317	6	9,417	88	9,730
Nebraska	1,734	70	9,679	1,300	64	9,681	965	32	9,769	520	9,838
Nevada	18	1	6,025	19	0	0	4	0	0	6	8,870
New Hampshire	36	2	5,710	24	2	5,450	18	1	5,450	13	5,917
New Jersey	133	12	4,892	62	6	9,045	42	2	9,900	60	8,158
New Mexico	195	5	8,370	135	7	8,722	105	2	9,688	71	7,884
New York	807	35	6,877	450	29	6,365	336	14	7,327	308	5,969
North Carolina	7,118	361	4,475	5,594	207	4,699	4,843	92	4,432	2,588	4,519
North Dakota	963	64	5,857	761	48	6,963	690	23	7,645	410	6,766
Ohio	1,864	91	7,997	1,393	75	7,779	1,305	25	7,737	680	8,114
Oklahoma	5,273	261	4,578	4,850	189	5,915	3,648	102	5,720	1,736	6,048
Oregon	232	23	4,874	398	12	9,400	288	5	9,821	113	8,253
Pennsylvania	1,389	67	5,632	938	55	5,791	720	26	6,759	501	6,074
Rhode Island	1	0	0	0	0	0	5	0	0	2	5,148
South Carolina	5,168	249	4,478	2,209	144	4,054	2,099	71	4,321	2,119	4,378
South Dakota	804	61	6,923	602	46	8,390	587	26	7,567	409	7,596
Tennessee	4,686	231	5,129	3,094	132	5,231	2,647	47	5,107	1,596	5,406
Texas	8,168	360	7,211	7,417	311	7,170	6,568	191	6,405	3,011	7,455
Utah	287	2	9,104	175	2	9,957	82	1	10,500	37	8,504
Vermont	129	5	5,528	92	4	4,640	86	2	5,766	40	5,399
Virginia	1,637	113	5,381	1,307	72	5,500	981	40	5,429	840	5,390
Washington	202	18	8,164	454	16	8,414	252	7	8,708	137	8,601
West Virginia	961	60	4,216	815	44	4,572	876	26	5,528	410	4,906
Wisconsin	970	98	6,685	992	78	6,221	734	37	6,591	553	7,050
Wyoming	169	5	8,852	85	4	10,397	75	1	10,703	38	9,439
Hawaii	153	7	7,270	74	2	6,382	44	4	8,169	197	5,997
Puerto Rico	3,485	81	5,300	2,710	51	5,344	2,024	50	3,684	590	4,989

UNITED STATES DEPARTMENT OF AGRICULTURE
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Table IV — Farm Tenancy: Distribution of Loans, by States and by Fiscal Years 1/

State and Territory	Fiscal Year 1938	Fiscal Year 1939	Fiscal Year 1940	Fiscal Year 1941	Fiscal Year 1942	Fiscal Year 1943	Fiscal Year 1944	Fiscal Year 1945	Cumulative as of June 30, 1945
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
U. S. TOTAL	$8,914,209	$23,248,713	$36,006,648	$45,685,704	$45,248,606	$29,535,924	$22,150,129	$11,699,846	$222,489,779
Alabama	593,855	1,490,169	2,348,946	2,788,663	2,423,030	1,817,370	1,652,514	953,048	14,067,595
Arizona	12,266	30,965	43,257	60,049	22,920	29,450	24,990	16,106	240,003
Arkansas	475,711	1,193,749	1,905,934	2,225,893	1,567,049	1,370,412	856,969	613,288	10,209,005
California	90,907	226,042	368,445	469,379	520,456	206,381	168,607	138,733	2,188,950
Colorado	73,791	189,513	288,956	381,324	373,732	247,423	221,318	111,346	1,887,403
Connecticut	7,195	18,370	23,972	12,000	29,934	14,230	8,390	9,130	123,221
Delaware	11,600	25,115	46,136	61,007	56,726	22,900	36,365	17,630	277,479
Florida	58,145	154,840	217,258	243,188	230,653	178,161	167,494	80,831	1,330,570
Georgia	606,285	1,546,248	2,520,184	3,164,587	3,070,983	2,027,257	1,712,834	993,219	15,[illegible]1,597
Idaho	39,045	99,955	159,256	204,738	209,700	136,797	114,542	53,264	1,[illegible],297
Illinois	311,790	789,772	1,258,877	1,618,702	1,706,490	700,040	480,914	98,635	6,965,220
Indiana	185,182	468,538	745,737	946,205	937,880	596,443	523,136	278,153	4,681,274
Iowa	329,920	834,237	1,348,552	1,733,357	1,773,237	1,164,377	728,523	268,095	8,180,298
Kansas	199,524	497,127	842,300	1,117,182	1,084,825	717,176	660,395	330,577	5,449,106
Kentucky	322,530	813,278	874,490	1,164,886	1,657,463	1,063,384	294,952	76,511	6,267,494
Louisiana	344,017	873,388	1,500,231	1,650,319	1,489,517	1,136,794	547,910	313,291	7,855,467
Maine	8,750	19,047	28,572	33,592	30,727	28,432	24,735	10,889	184,744
Maryland	41,100	111,490	175,762	228,599	215,173	157,249	155,651	77,868	1,162,892
Massachusetts	4,240	17,261	9,710	34,096	39,580	26,705	21,050	12,695	165,337
Michigan	109,060	281,246	447,406	568,512	594,035	364,515	344,248	152,475	2,861,497
Minnesota	214,589	551,341	876,265	1,125,965	1,200,625	774,103	713,966	359,113	5,815,967
Mississippi	586,617	1,463,622	2,452,284	3,069,940	2,876,683	2,122,453	1,109,613	1,064,281	14,745,493
Missouri	314,412	806,283	1,278,089	1,640,317	1,616,475	961,466	950,609	481,143	8,048,794
Montana	33,775	90,837	146,731	170,365	194,679	105,441	56,455	58,800	857,083
Nebraska	194,422	489,600	760,422	1,019,348	1,020,232	681,370	633,085	317,611	5,116,090
Nevada	1,525	3,905	6,222	7,997	7,750	6,025	4,400	0	37,824
New Hampshire	3,650	9,775	10,240	12,608	12,532	11,769	10,900	5,450	76,924
New Jersey	13,600	44,437	50,941	92,740	92,538	58,714	54,268	20,868	428,106
New Mexico	23,985	63,101	101,055	129,891	110,480	43,070	66,189	21,200	558,971
New York	72,189	192,909	276,868	364,698	356,857	241,139	225,036	109,767	1,839,463
North Carolina	398,602	1,292,678	1,612,443	2,495,696	2,851,477	1,618,711	1,007,557	412,022	11,689,186
North Dakota	90,975	237,541	414,490	528,442	589,164	380,582	355,759	177,321	2,774,274
Ohio	223,814	573,876	901,848	1,139,052	1,154,950	742,408	584,922	197,672	5,518,542
Oklahoma	426,026	1,088,594	1,720,410	2,172,598	2,012,806	1,265,895	1,211,492	608,865	10,506,686
Oregon	37,130	95,145	149,825	188,426	182,581	116,470	114,526	49,143	933,246
Pennsylvania	115,788	284,918	463,185	602,200	557,359	377,555	343,213	176,978	2,921,196
Rhode Island	0	4,447	0	5,850	0	0	0	0	10,297
South Carolina	393,945	995,355	1,583,337	2,022,226	1,945,567	1,288,362	719,033	335,585	9,283,410
South Dakota	119,615	275,346	464,623	572,640	654,328	429,385	394,345	196,747	3,107,029
Tennessee	401,493	1,058,322	1,420,092	1,492,638	2,036,185	1,275,876	694,048	254,492	8.633,146
Texas	902,998	2,335,545	3,719,707	4,731,230	4,269,294	2,628,854	2,531,287	1,284,956	22,403,871
Utah	12,600	36,205	57,856	70,190	49,085	26,370	22,870	13,000	288,176
Vermont	8,800	22,950	37,452	46,846	41,441	27,643	18,562	12,282	215,976
Virginia	192,646	537,500	722,586	877,017	965,498	610,133	401,049	222,148	4,528,577
Washington	46,245	117,406	186,486	229,944	239,979	154,182	137,825	66,677	1,178,744
West Virginia	91,035	197,162	279,370	322,632	478,361	290,789	206,351	146,798	2,012,498
Wisconsin	131,520	327,950	516,175	684,101	822,887	531,715	488,645	246,505	3,749,498
Wyoming	11,850	29,750	46,775	62,674	71,465	46,460	42,887	17,429	329,290
Hawaii	25,450	175,848	286,045	392,999	104,390	148,468	13,765	34,475	1,181,440
Puerto Rico	0	166,015	310,845	708,156	698,828	565,020	291,935	202,734	2,943,533

1/ Loan obligations, Title 1, Farm Tenant Act, including supplemental loans to prior year borrowers. Also includes repair costs and recoverable costs.

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Table V

Tenant Purchase Loan Applications From Veterans of World War II, Number of Loans and Average
Cumulative as of June 30, 1945

State and Territory	Number of loan applications	Loans approved		Applications on hand end of period
		Number	Average amount	
(1)	(2)	(3)	(4)	(5)
U. S. TOTAL	2,326	66	$ 5,103	791
Alabama	169	9	3,937	82
Arizona	2	0	0	0
Arkansas	171	3	3,810	52
California	37	0	0	13
Colorado	27	0	0	6
Connecticut	5	1	9,130	0
Delaware	1	0	0	1
Florida	37	0	0	3
Georgia	175	4	4,104	61
Idaho	6	0	0	2
Illinois	23	0	0	9
Indiana	68	1	4,100	19
Iowa	18	1	7,000	4
Kansas	9	1	9,000	3
Kentucky	55	1	3,050	5
Louisiana	77	4	4,322	30
Maine	2	1	2,000	0
Maryland	4	1	4,000	1
Massachusetts	5	0	0	1
Michigan	18	0	0	2
Minnesota	21	0	0	6
Mississippi	217	11	5,637	61
Missouri	71	3	6,783	41
Montana	18	1	10,150	3
Nebraska	10	0	0	4
Nevada	1	0	0	0
New Hampshire	2	0	0	0
New Jersey	3	0	0	0
New Mexico	8	0	0	2
New York	17	0	0	9
North Carolina	160	0	0	47
North Dakota	20	0	0	9
Ohio	24	2	8,490	5
Oklahoma	138	7	943	39
Oregon	22	1	9,340	8
Pennsylvania	24	0	0	9
Rhode Island	1	0	0	1
South Carolina	72	4	3,426	31
South Dakota	6	0	0	4
Tennessee	91	3	3,874	25
Texas	234	2	27,576	53
Utah	6	0	0	0
Vermont	3	0	0	2
Virginia	27	1	4,570	5
Washington	7	0	0	3
West Virginia	49	1	5,725	4
Wisconsin	15	1	4,810	3
Wyoming	3	0	0	0
Hawaii	0	0	0	0
Puerto Rico	147	2	3,164	123

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FARM SECURITY ADMINISTRATION

Table VI

Farm Tenancy Loans: Number of Borrowers, Amount of Loans by Type of Expenditure, Fiscal Year 1945

State and Territory	Number of borrowers	Amount of loans by type of expenditure: Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings: New	Dwellings: Repair	Total amount of loans 1/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		71.2%	3.3%	11.8%	9.2%	4.5%	100.0%
U. S. TOTAL	1,870	$ 7,910,666	$ 366,777	$ 1,308,196	$ 1,020,072	$ 506,595	$ 11,112,306
Alabama	176	413,741	18,687	144,461	226,320	19,075	822,284
Arizona	2	14,540	0	1,250	0	316	16,106
Arkansas	121	342,855	14,622	92,779	127,870	27,667	605,793
California	12	115,370	5,620	8,825	3,365	5,470	138,650
Colorado	10	83,715	3,711	14,407	4,810	4,703	111,346
Connecticut	1	8,850	0	5	175	100	9,130
Delaware	2	14,245	0	2,135	0	1,250	17,630
Florida	11	24,413	3,875	7,462	14,050	2,430	52,230
Georgia	220	512,541	34,316	104,926	203,634	51,700	907,117
Idaho	5	40,644	606	3,420	4,557	2,437	51,664
Illinois	11	83,928	4,714	6,817	0	2,531	97,990
Indiana	31	234,758	13,300	21,231	0	7,149	276,438
Iowa	31	226,744	10,049	23,664	0	6,638	267,095
Kansas	36	253,154	3,186	39,664	18,396	6,927	321,327
Kentucky	12	62,474	3,979	3,319	0	2,144	71,916
Louisiana	52	168,685	12,837	40,765	77,225	9,290	308,802
Maine	2	4,610	0	2,414	413	900	8,337
Maryland	10	60,560	0	13,965	0	2,741	77,266
Massachusetts	2	11,050	0	108	950	587	12,695
Michigan	22	97,740	6,120	25,540	0	11,350	140,750
Minnesota	44	300,764	1,189	35,454	0	11,120	348,527
Mississippi	158	682,500	43,869	152,869	124,869	50,339	1,054,446
Missouri	66	306,487	25,936	49,389	2,300	26,711	410,823
Montana	6	44,560	575	4,455	4,900	2,010	56,500
Nebraska	32	253,137	2,857	30,832	17,525	8,253	312,604
Nevada	0	0	0	0	0	0	0
New Hampshire	1	2,490	0	2,320	150	490	5,450
New Jersey	2	15,650	0	2,955	0	1,195	19,800
New Mexico	2	12,859	281	3,592	2,644	0	19,376
New York	14	73,915	1,138	16,265	2,859	8,395	102,572
North Carolina	92	272,472	19,189	59,196	11,749	45,177	407,783
North Dakota	23	111,238	6,008	30,899	2,700	24,996	175,841
Ohio	25	147,000	12,670	26,076	0	7,682	193,428
Oklahoma	102	496,461	8,604	39,733	17,990	20,626	583,414
Oregon	5	30,775	635	9,790	4,500	3,409	49,109
Pennsylvania	26	136,372	2,009	30,633	775	5,943	175,732
Rhode Island	0	0	0	0	0	0	0
South Carolina	71	184,381	6,083	37,978	43,360	34,965	306,767
South Dakota	26	149,538	3,650	21,455	11,522	10,582	196,747
Tennessee	47	160,490	24,865	32,230	11,700	10,750	240,035
Texas	191	1,036,458	41,286	84,955	33,522	27,226	1,223,447
Utah	1	10,500	0	0	0	0	10,500
Vermont	2	9,006	0	1,379	280	867	11,532
Virginia	40	169,672	12,670	21,280	0	13,570	217,162
Washington	7	47,415	550	6,982	5,462	550	60,959
West Virginia	26	100,236	11,625	22,505	0	9,365	143,731
Wisconsin	37	209,337	1,391	26,050	0	7,103	243,881
Wyoming	1	8,535	540	1,367	0	261	10,703
Hawaii	4	26,075	600	400	5,600	0	32,675
Puerto Rico	50	137,756	2,935	0	33,900	9,605	184,196

1/ Excludes loans in 1945 fiscal year to prior year borrowers, supplemental loans to persons purchasing project units sold pursuant to Title I of the Bankhead-Jones Act, recoverable costs and repairs to repossessed property.

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Table VII Farm Tenancy: Size of Farms by States, Fiscal year 1945 and Cumulative as of June 30, 1945

State and Territory	Average acreage of all farms of 30 acres or more in 1940	Fiscal year 1945		Cumulative through June 30, 1945	
		Number of borrowers	Average acreage borrower purchased	Number of borrowers	Average acreage borrower purchased
(1)	(2)	(3)	(4)	(5)	(6)
U. S. TOTAL	227	1,870	130	38,089	135
Alabama	109	176	83	3,285	101
Arizona	201	2	54	27	52
Arkansas	116	121	89	2,184	94
California	470	12	54	229	59
Colorado	736	10	466	194	260
Connecticut	112	1	50	15	116
Delaware	126	2	125	47	171
Florida	225	11	137	302	157
Georgia	129	220	107	3,937	123
Idaho	289	5	73	106	115
Illinois	167	11	151	699	142
Indiana	131	31	100	506	111
Iowa	176	31	171	914	143
Kansas	340	36	217	625	216
Kentucky	112	12	131	886	119
Louisiana	117	52	84	1,472	82
Maine	130	2	148	34	151
Maryland	137	10	125	168	149
Massachusetts	114	2	65	26	90
Michigan	113	22	118	378	120
Minnesota	178	44	148	682	174
Mississippi	115	158	73	2,997	87
Missouri	157	66	152	1,303	156
Montana	1,196	6	485	88	343
Nebraska	419	32	416	520	295
Nevada	1,331	0	0	6	234
New Hampshire	143	1	265	13	163
New Jersey	122	2	76	60	98
New Mexico	1,704	2	320	71	276
New York	138	14	119	308	141
North Carolina	96	92	84	2,588	91
North Dakota	523	23	450	410	510
Ohio	117	25	109	680	109
Oklahoma	220	102	178	1,736	182
Oregon	448	5	73	113	105
Pennsylvania	110	26	115	501	120
Rhode Island	116	0	0	2	38
South Carolina	119	71	93	2,119	109
South Dakota	564	26	291	409	442
Tennessee	108	47	116	1,596	119
Texas	407	191	150	3,011	201
Utah	418	1	50	37	85
Vermont	183	2	187	40	196
Virginia	136	40	133	840	135
Washington	353	7	105	137	141
West Virginia	125	26	128	410	136
Wisconsin	132	37	122	553	104
Wyoming	2,006	1	160	38	282
Hawaii	0	4	28	197	57
Puerto Rico	0	50	39	590	29

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Table VIII

Actual Payments Compared With Fixed Payments Schedule of Tenant Purchase Borrowers
On Variable Payment Plan, Cumulative as of March 31, 1945

State and Territory	Number of Borrowers On Variable Payment Plan	Actual Payments	Fixed Payment Schedule	Net Amount Ahead or Behind Schedule	Percent Ahead or Behind Schedule
U. S. Totals	26,853	$ 34,823,049	$ 19,747,831	$ 15,075,218	76
Alabama	2,544	1,621,861	1,308,376	313,485	24
Arizona	21	34,192	22,176	12,016	54
Arkansas	1,372	903,847	725,785	178,062	25
California	177	401,435	231,750	169,685	73
Colorado	154	432,753	223,283	209,470	94
Connecticut	6	4,577	3,928	649	16
Delaware	28	31,127	19,580	11,547	59
Florida	253	156,228	130,045	26,183	20
Georgia	2,651	1,715,237	1,255,418	459,819	37
Idaho	86	250,929	99,967	150,962	151
Illinois	476	1,197,012	687,071	509,941	74
Indiana	365	906,591	458,480	448,111	98
Iowa	556	1,352,016	620,156	731,860	118
Kansas	534	1,153,587	637,491	516,096	81
Kentucky	685	1,659,460	653,457	1,006,003	154
Louisiana	1,000	773,818	558,865	214,953	38
Maine	24	28,558	14,455	14,103	98
Maryland	102	132,612	77,167	55,445	72
Massachusetts	20	21,023	13,406	7,617	57
Michigan	270	488,397	258,014	230,383	89
Minnesota	505	1,332,366	562,390	769,976	137
Mississippi	2,000	1,225,690	1,041,069	184,621	18
Missouri	945	1,332,457	777,210	555,247	71
Montana	69	164,322	96,784	67,538	70
Nebraska	420	1,406,078	568,090	837,988	148
Nevada	3	5,899	2,316	3,583	155
New Hampshire	8	5,964	5,835	129	2
New Jersey	36	49,814	31,749	18,065	57
New Mexico	50	150,649	68,085	82,564	121
New York	235	294,419	165,767	128,652	78
North Carolina	1,893	2,089,286	1,022,580	1,066,706	104
North Dakota	304	680,480	263,887	416,593	158
Ohio	383	664,057	364,180	299,877	82
Oklahoma	1,246	1,705,785	943,413	762,372	81
Oregon	90	162,018	90,296	71,722	79
Pennsylvania	349	412,132	250,791	161,341	64
Rhode Island	2	2,090	1,468	622	42
South Carolina	1,487	1,140,823	821,991	318,832	39
South Dakota	347	742,198	358,412	383,786	107
Tennessee	1,268	1,722,874	900,821	822,053	91
Texas	2,201	3,957,541	2,121,962	1,835,579	86
Utah	33	66,998	36,153	30,845	85
Vermont	32	31,672	22,221	9,451	43
Virginia	620	829,118	473,240	355,878	75
Washington	99	162,853	101,803	61,050	60
West Virginia	297	212,379	190,232	22,147	12
Wisconsin	409	752,053	286,500	465,553	162
Wyoming	20	36,433	24,50[illegible]	11,932	49
Hawaii	178	219,341	155,215	64,126	41

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Table IX Farm Tenancy: Loans, Maturities, Collections, Delinquencies and Prepayments Cumulative as of March 31, 1945 1/

State and Territory	Cumulative loans approved		Maturities principal and interest 3/	Collections					Delinquencies		Amount of prepayments on 1945 installments 7/		Percent ratio of principal and interest collections to maturities 8/
	Number	Amount 2/		Principal repayments 4/	Interest payments	Extra principal payments 5/	Unapplied collections 6/	Total collections	Number	Amount principal and interest	Number	Amount principal and interest	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
U. S. TOTAL	38,089	$220,748,472	$51,904,687	$34,700,147	$17,930,477	$13,856,762	$478,339	$66,965,725	4,527	$981,257	5,699	$1,707,194	98.1
Alabama	3,285	14,067,578	2,408,329	1,382,363	1,003,453	1,328,726	21,182	3,735,724	289	44,401	155	21,888	98.2
Arizona	27	235,687	40,692	19,343	22,300	5,120	0	46,763	5	1,370	9	2,321	96.6
Arkansas	2,184	9,912,562	1,863,440	1,078,547	794,850	704,519	22,969	2,600,885	456	71,330	474	81,287	96.2
California	229	2,119,880	630,486	460,199	182,990	53,898	0	697,087	37	19,871	77	32,574	96.8
Colorado	194	1,888,003	570,264	426,674	155,887	50,615	476	633,652	3	938	25	13,235	99.8
Connecticut	15	123,221	16,846	6,785	10,261	13,133	662	30,841	1	5	2	205	100.0
Delaware	47	277,479	60,088	40,782	20,271	1,574	1,014	63,641	4	108	4	1,073	99.8
Florida	302	1,276,124	207,724	113,125	84,641	130,500	2,019	330,285	92	15,703	21	5,745	92.4
Georgia	3,937	15,438,510	2,835,958	1,633,526	1,183,772	1,354,714	9,374	4,181,386	333	42,472	126	23,812	98.5
Idaho	106	1,008,517	349,699	279,074	77,503	50,638	0	407,215	24	13,930	26	20,808	96.0
Illinois	699	6,965,469	1,868,135	1,237,038	661,093	345,557	35,444	2,279,132	77	32,006	137	62,002	98.3
Indiana	506	4,680,764	1,275,840	917,261	406,747	251,353	19,793	1,595,154	40	11,907	148	60,075	99.1
Iowa	914	8,161,028	2,183,449	1,506,479	754,378	527,511	37,812	2,826,180	33	10,004	151	87,412	99.5
Kansas	625	5,432,133	1,643,205	1,220,640	439,640	134,754	1,652	1,796,686	73	28,089	110	45,164	98.3
Kentucky	886	6,224,528	2,161,104	1,570,244	600,281	539,619	5,745	2,715,889	25	7,391	60	16,812	99.7
Louisiana	1,472	7,808,867	1,342,031	749,206	585,579	450,681	13,219	1,798,685	372	65,503	353	58,257	95.1
Maine	34	184,024	44,820	29,136	14,949	9,804	3,085	56,974	8	2,334	4	1,599	94.8
Maryland	168	1,156,042	190,017	108,478	82,417	44,479	6,152	241,526	24	7,821	18	8,699	95.9
Massachusetts	26	165,337	22,364	11,347	11,185	1,360	475	24,367	1	135	4	303	99.4
Michigan	378	2,804,652	694,809	480,949	244,430	184,725	13,507	923,611	25	4,468	102	35,038	99.4
Minnesota	682	5,814,877	1,889,377	1,431,754	540,803	310,077	28,622	2,311,256	35	7,810	166	90,990	99.6
Mississippi	2,997	14,694,046	2,133,679	1,117,738	1,000,599	932,685	15,368	3,066,390	754	122,549	627	107,207	94.3
Missouri	1,303	7,970,579	1,927,528	1,302,354	668,079	431,970	38,420	2,440,823	97	27,654	246	70,559	98.6
Montana	88	851,943	214,920	160,925	68,333	21,316	0	250,574	6	2,040	26	16,378	99.1
Nebraska	520	5,037,495	1,834,889	1,480,991	399,675	107,162	242	1,988,070	63	51,064	111	96,841	97.2
Nevada	6	37,824	8,135	5,053	3,077	410	0	8,540	3	355	2	350	95.6
New Hampshire	13	76,924	7,742	2,340	5,823	3,021	79	11,263	0	0	5	421	100.0
New Jersey	60	428,106	62,359	28,262	35,165	23,573	2,743	89,743	7	2,158	9	3,226	96.5
New Mexico	71	558,971	197,781	154,916	50,141	24,416	15,631	245,104	9	2,952	14	10,228	98.5
New York	308	1,825,337	377,279	244,488	140,894	75,661	8,209	469,252	29	8,444	46	16,547	97.8
North Carolina	2,588	11,577,829	3,048,219	2,100,169	961,427	980,859	15,885	4,058,340	120	17,204	176	30,581	99.4
North Dakota	410	2,734,679	1,185,456	994,433	189,147	53,072	0	1,236,652	30	11,042	26	9,166	99.1
Ohio	680	5,489,843	1,183,388	749,468	475,268	546,775	39,976	1,811,487	50	15,454	164	56,802	98.7
Oklahoma	1,736	10,510,363	2,592,189	1,753,241	892,532	623,487	11,547	3,280,807	221	38,270	353	91,854	98.5
Oregon	113	921,571	262,517	194,317	77,555	24,028	54	295,954	29	8,283	28	17,638	96.8
Pennsylvania	501	2,895,968	548,063	328,474	230,765	110,797	18,677	688,713	55	8,716	85	19,892	98.4
Rhode Island	2	10,297	2,244	768	1,322	0	300	2,390	2	154	0	0	93.1
South Carolina	2,119	9,116,036	1,722,207	964,566	739,434	726,826	1,730	2,432,556	181	28,648	42	10,441	98.3
South Dakota	409	3,101,897	952,917	691,997	225,628	43,820	0	961,445	67	50,494	37	15,202	94.7
Tennessee	1,596	8,597,211	2,356,778	1,655,311	735,665	577,712	493	2,969,181	124	22,475	291	56,673	99.0
Texas	3,011	22,401,265	5,570,381	3,821,184	1,906,904	973,669	44,561	6,746,318	391	112,033	839	269,740	98.0
Utah	37	285,676	65,003	41,973	23,638	14,968	0	80,579	8	2,211	12	2,819	96.6
Vermont	40	215,976	38,886	21,363	18,033	6,808	0	46,204	1	9	3	519	100.0
Virginia	840	4,487,731	1,146,246	773,699	383,859	350,122	12,882	1,520,562	40	7,721	83	19,033	99.3
Washington	137	1,178,692	255,724	166,908	90,993	40,482	0	298,383	27	11,595	31	13,772	95.5
West Virginia	410	1,959,599	296,363	154,654	147,929	112,017	13,828	428,428	52	5,868	58	12,088	98.0
Wisconsin	553	3,738,533	1,041,719	798,613	296,152	347,961	14,512	1,457,238	20	3,994	115	57,040	99.6
Wyoming	38	326,792	62,955	42,258	24,531	17,799	0	84,588	5	1,039	10	4,873	98.3
Hawaii	197	1,157,040	249,733	166,911	99,141	99,259	0	365,311	30	6,880	50	23,199	97.2
Puerto Rico	590	2,814,967	260,710	79,823	161,338	92,730	0	333,891	149	24,355	38	4,806	90.7

1/ Exclusive of State Rural Rehabilitation Corporation Trust Funds.
2/ Inclusive of recoverable and repair cost.
3/ Exclusive of extra payments and prepayments. For variable payment borrowers, maturities represent the amount the borrowers should pay based on agricultural income received. For fixed payment borrowers, maturities represent the amount which borrowers are required to pay in order to retire their indebtedness in 40 years.
4/ Exclusive of extra payments.
5/ Refunds and payments from non-agricultural income.
6/ Collections unapplied as to principal or interest as of March 31, 1945.
7/ Included in principal repayments and interest payments. Prepayments represent payments against installments which fall due at the close of the calendar year or the borrower's fiscal year end which have not yet been matured.
8/ (Columns 5 and 6 minus column 13) ÷ column 4.

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Table X Farm Tenancy Loans, Collections and Amount Outstanding by Fiscal Years 1/

Fiscal year	Amount of loans approved 2/	Collections				Net Change in Amount Outstanding
		Principal 3/	Interest	Total	Extra Payments 4/	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1938	$ 8,914,209	$ 0	$ 0	$ 0	$ 0	$ 8,914,209
1939	23,248,713	105,134	56,994	162,128	0	23,143,579
1940	36,006,648	446,800	511,765	958,565	208,911	35,559,848
1941	45,685,704	1,161,375	1,312,001	2,473,376	442,072	44,524,329
1942	45,248,606	3,585,380	2,488,204	6,073,584	816,714	41,663,226
1943	29,535,924	9,336,428	3,744,782	13,081,210	2,780,561	20,199,496
1944	22,150,129	15,641,053	4,759,132	20,400,185	4,634,033	6,509,076
1945	17,546,213 5/	20,662,425	5,365,695	26,028,120	6,072,345	3,116,212 Cr
Total	$228,336,146 5/	$50,938,595	$18,238,573	$69,177,168	$14,954,636	

Unapplied Collections 6/30/45 326,132

GRAND TOTAL COLLECTIONS $69,503,300

1/ Exclusive of State Rural Rehabilitation Corporation Trust Funds.
2/ Inclusive of Recoverable and Repair Costs.
3/ Inclusive of Extra Payments.
4/ Included in Columns (3) and (5).
5/ Includes $5,846,367 non-cash advances.

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Table XI Amount of Tenant Purchase Loans Outstanding as of June 30, 1945, by States 1/

State and Territory	Amounts outstanding	State and Territory	Amounts outstanding
(1)	(2)	(1)	(2)
U. S. TOTAL	$ 163,006,419		
Alabama	10,103,117	Nevada	$ 32,250
Arizona	203,201	New Hampshire	62,019
Arkansas	7,266,172	New Jersey	369,539
California	1,579,889	New Mexico	366,479
Colorado	1,377,089	New York	1,483,622
Connecticut	103,235	North Carolina	8,332,298
Delaware	235,097	North Dakota	1,626,620
Florida	925,249	Ohio	4,090,544
Georgia	11,453,176	Oklahoma	7,779,999
Idaho	666,015	Oregon	688,615
Illinois	5,321,004	Pennsylvania	2,347,864
Indiana	3,458,543	Rhode Island	9,529
Iowa	6,022,137	South Carolina	6,964,464
Kansas	3,865,832	South Dakota	2,285,699
Kentucky	4,079,659	Tennessee	6,052,042
Louisiana	5,985,841	Texas	16,795,199
Maine	123,800	Utah	220,752
Maryland	960,710	Vermont	181,478
Massachusetts	142,759	Virginia	3,255,860
Michigan	2,048,990	Washington	944,752
Minnesota	4,087,945	West Virginia	1,656,267
Mississippi	11,252,799	Wisconsin	2,524,782
Missouri	6,058,159	Wyoming	244,249
Montana	624,677		
Nebraska	3,336,715	Hawaii	791,060
		Puerto Rico	2,618,627

1/ Does not include those loans which have been approved but for which cash has not been advanced.

(c) Water Facilities, Arid and Semiarid Areas

Appropriation Act, 1946		$1,000,000
Anticipated supplemental for additional costs due to the Federal Employees Pay Act of 1945		+25,000
Total anticipated available, 1946		1,025,000
Budget estimate, 1947		1,000,000
Change for 1947:		
Overtime decrease ...	-3,700	
Other decrease	-21,300	-25,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Salaries and expenses	$183,279	$222,800	$222,800	- -
2. Loans	806,669	798,500	777,200	-$21,300 (1)
3. Overtime costs	27,204	3,700	- -	-3,700
Covered into Treasury as miscellaneous receipts, Public Law 529	228	- -	- -	- -
Unobligated balance	7,620	- -	- -	- -
Total anticipated available	1,025,000	1,025,000	1,000,000	-25,000
Anticipated supplemental	- -	-25,000	- -	
Total estimate or appropriation	1,025,000	1,000,000	1,000,000	

INCREASES OR DECREASES

The decrease of $25,000 for 1947 consists of the decrease of $3,700 for overtime and a decrease of $21,300 due to absorbing in 1947 the estimated additional costs of the Federal Employees Pay Act for which a supplemental appropriation is anticipated for 1946.

The 1947 Program: During the fiscal year 1947 there will be a greater demand for all types of water facilities loans and technical services because of the return of war veterans and war workers to farms and the increased availability of material and equipment. Funds available during the past few years under this item have been used largely for loans to repair existing facilities so as to maintain production, and for loans to install new facilities of the type which required very little strategic material. During 1947 it is anticipated that, in addition to the types of facilities installed in 1943, 1944 and 1945, there will be an increased demand for facilities which require a larger amount of the material and equipment now becoming available. Many such installations are necessary in the arid and semiarid areas if western agriculture

is to be ready to meet changing economic conditions and the inevitable periods of unfavorable weather.

With an increase in applications an additional burden is created on the water facilities staff for making investigations necessary to a determination of the problems existing in areas involved and facilities needed by the applicants. It is upon the basis of such investigations that determination is made of the comparative priority to be given each application in order that the funds may be distributed in such a manner as to benefit the largest possible number of recipients and where the greatest need exists.

Estimates for the 1947 program are for the sum of $1,000,000 for loans, technical services, and incidental expenses necessary in the administration of the program. The amount of $777,200 will provide for making approximately 1,000 loans to individuals and 10 loans to groups. $222,800 is requested for the necessary technical services and incidental expenses necessary in conducting the investigation, approval, and supervision of the making of the loans and installation of facilities.

WORK UNDER THIS APPROPRIATION

Objective: To increase and stabilize the productive capacity of farms and ranches in the western arid and semiarid areas by developing and utilizing the limited water supplies available for agriculture use, thus increasing production of needed crops and promoting the welfare and security of farm families.

The Problem and its Significance: In many western areas the lack of adequate water for irrigation, livestock, and domestic use is a more serious obstacle to agricultural development and stability than the lack of good soil. Water resources are wasted or poorly used on much of farm, grazing, and forest lands. Thus numerous problems are created--underproduction on family-type farms, crop failures, decline in living standards and danger to public health, destruction of national resources and damage to public lands, droughts, and periodic floods. Although some progress has been made in removing the basic cause of these problems, a huge job yet remains to be done in assisting farmers to develop and utilize their available sources of water.

The lack of an adequate farmstead water supply has kept many western farmers and ranchers operating at a bare subsistence level. During periods of drought and low prices many such families have been forced to leave their homes and seek other ways of earning their living. The farm units these families abandon are either absorbed by a large operator who becomes a larger operator or by another family which later becomes a casualty. Of the 2,000,000 farms in the 17 western states, the Bureau of Agricultural Economics estimated that between 200,000 to 300,000 farms are without a direct water supply or are in need of a more adequate farmstead supply. Assuming an average cost of $450 per loan it would require from $90,000,000 to $135,000,000 in loan funds to install the needed facilities, such as wells, pumps, storage facilities, and distribution systems. In addition to the installation and rehabilitation of the farmstead water supply on existing farms there will be a large number of new farms created in new irrigation areas within the next 10 years. All of these new farms will need to develop a farmstead water supply and system. Although many farmers will be able to make the necessary improvements without Federal assistance, a large number will need some type of Federal credit and technical assistance, if they are to solve the problem and have an equal opportunity to attain economic stabilization.

If many of the small farms are to survive in the west, irrigation water resources must be fully used. Comparable in importance to the development of the larger reclamation type of new areas in the west, is the development of available but undeveloped sources of irrigation water and the rehabilitation of existing irrigation water supplies and systems on scattered individual farms and small irrigation companies serving family-type individual farms. According to estimates made by the Soil Conservation Service which were included in Senate Report No. 584 entitled, "Making Surplus Equipment Available for Soil Erosion Control" there are approximately 10,000,000 acres which need repair or improvement of farm irrigation systems. Assuming an average cost of $20 per

acre for repair or improvement of farm irrigation systems the total need would amount to $200,000,000. In addition there are at least 10,000,000 acres of land which, with assistance, could be developed by individuals and groups of individuals through small water companies during the next 15 years. Much of such development would be on dry land farms which by shifting to some type of irrigation would stabilize their economy and alleviate the hazardous type of operation now common in the area. Such development would cost at least an average of $75 per acre which would mean a total cost of $750,000,000. It is recognized that a substantial number of these installations would be financed from private capital. However, it is evident that in order to get the credit and technical needs for a large part of this group some form of Federal assistance will be needed for many years to come. Installation and repair of small facilities such as dams, pumps, headgates, irrigation ditches, and so forth will stretch the resource base of the small farms by a margin sufficient to make the difference between chronic poverty and a secure, adequate standard of living.

Long-term credit at reasonable interest rates is needed by many farmers and farmers' groups to enable them to improve and repair existing water facilities or to construct new facilities. Present demand for this service is very great, field estimates indicating a total demand for the fiscal year 1946 many times in excess of available funds; hence, priority is given to those applications involving the greatest need while at the same time distributing the funds so as to benefit the largest possible number of applicants.

Progress and Current Program: As of June 30, 1945, 7,908 loans to individuals and 65 loans to groups had been approved for the construction of water facilities either for farmstead use or for irrigation in the amount of $4,899,928. In addition, $390,962 was advanced in the form of grants. (See Tables I and II for distribution by state.) Through these loans and grants and with the accompanying technical advice and assistance, the following kinds and numbers of separate water facilities have been completed or placed under construction during the fiscal year 1945 and in total to June 30, 1945.

Description	Water Facilities Completed or Under Construction	
	Fiscal Year 1945	Total June 30, 1945
Stock watering facilities		
Number of ponds (new and repaired)	14	619
Number of wells (new and repaired)	391	3,129
Number of pumps (new and repaired)	431	1,616
Number of windmills (new and repaired)	281	2,326
Number of springs developed	20	142
Number of tanks	425	3,690
Other facilities	509	1,169

(Continued on next page)

Description	Water Facilities Completed or Under Construction: Fiscal Year 1945	Total June 30, 1945
Irrigation facilities		
Number of dams (new)	2	196
Number of dams (repaired)	0	56
Number of wells (new)	109	705
Number of wells (repaired)	8	138
Number of pumps (new)	150	974
Number of pumps (repaired)	6	67
Number of distribution systems (new)	45	941
Number of distribution systems (repaired)	3	614
Other facilities		
Diversion and other	109	716
Total facilities completed or under construction as of June 30, 1945	2,503	17,098

During the fiscal year 1945, 165 loans to individuals and 4 loans to groups affecting 88 families were approved to install irrigation facilities affecting 12,259 acres. In addition, 834 loans to individuals and 3 loans to groups including 68 families were approved for installation of farmstead and livestock water facilities such as ponds, wells, windmills, storage tanks, cisterns and development of springs. Benefits for farm families from these types of facilities are the elimination of the high cost and time consumed in hauling water, increased production of gardens, better use of farmers' time, efficient production of livestock, and a greater diversity of enterprises.

A recent survey was made to determine the economic and production progress of water facility borrowers. It compared the economic and production information for the crop year before the facility was installed with the 1944 crop year. A few of the significant facts are as follows:

1. A 5 percent decrease in the number of acres in crops for irrigation borrowers and a 79 percent increase in crop sales indicated that installation of irrigation facilities have not resulted in the utilization of more acres for crop production but have resulted in striking increases in crop production and sales from fewer acres.

2. The borrowers increased both their total gross farm income and their net farm income by 56 percent.

3. The net worth of all borrowers studied increased nearly 60 percent.

4. The total debt of all water facilities borrowers in 1944, increased only one percent over the crop year before installation.

5. Approximately 81 percent of the borrowers had only a farmstead type of facility and 19 percent had an irrigation facility.

6. The average number of cattle and calves sold in 1944 was approximately nine, an increase of two and a half over the year before installation.

Another indication of the success of the program from the viewpoint of borrowers is the excellent record in repayment of the loans. As of June 30, 1945, 101.6 percent of the net maturities which had fallen due had been repaid. (See Table III.)

The program for 1946 will be similar to that carried on in 1945. However, as the supply of necessary materials improve during 1946, there will undoubtedly be more of a demand for and trend toward those loans requiring complete installation of new equipment.

No grants were made during the 1944 and 1945 fiscal years and none are contemplated for 1946 or 1947.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table 7 Number of Water Facilities Loans Cumulative as of June 30, 1945

State	Number of loans to individuals 1/	Number of groups receiving loans	State	Number of loans to individuals 1/	Number of groups receiving loans
(1)	(2)	(3)	(1)	(2)	(3)
U. S. TOTAL	7,908	65			
Arizona	106	3	Oklahoma	990	0
California	268	3	Oregon	384	4
Colorado	289	14	South Dakota	287	0
Idaho	522	18	Texas	2,217	0
Kansas	340	0	Utah	464	9
Montana	201	4	Washington	320	2
Nebraska	375	0	Wyoming	617	1
Nevada	42	1			
New Mexico	275	6			
North Dakota	211	0			

1/ Some of these loans to individuals were pooled for participation in group services.

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Table II

Water Facilities Loans and Grants Obligated Cumulative as of June 30, 1945

State	Loans 1/	Grants 2/	State	Loans 1/	Grants 2/
(1)	(2)	(3)	(1)	(2)	(3)
U. S. TOTAL	$ 4,899,928	$ 390,962 3/			
Arizona	170,292	4,608	Oklahoma	$ 279,546	$ 22,456
California	281,953	1,093	Oregon	304,790	1,184
Colorado	317,143	35,524	South Dakota	91,856	0
Idaho	538,357	33,953	Texas	1,141,825	42,446
Kansas	103,083	3,692	Utah	384,196	22,420
Montana	168,404	4,815	Washington	232,133	3,878
Nebraska	223,167	2,337	Wyoming	369,171	72,488 3/
Nevada	52,279	13,886			
New Mexico	166,935	125,452			
North Dakota	74,798	730			

1/ Includes obligations of $ 1,861,141 "Water Facilities in arid and semi-arid areas"
2/ Includes obligations of $ 48,905 "Water Facilities in arid and semi-arid areas"
3/ Decrease of $380 due to canceled check.

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FARM SECURITY ADMINISTRATION

Table III Water Facilities Loans, Maturities and Collections Cumulative as of June 30, 1945 1/

State	Cumulative loan obligations	Cumulative matured principal	Cumulative repayments on principal	Cumulative Interest Payments	Ratio of total collections to total loans	Ratio of principal repayments to matured principal
(1)	(2)	(3)	(4)	(5)	(6)	(7)
U. S. TOTAL	$4,899,928	$1,961,512	$1,992,331	$236,970	45.5	101.6
Arizona	170,292	34,235	40,341	6,380	27.4	117.8
California	281,953	101,444	131,992	15,702	52.4	130.1
Colorado	317,143	113,784	97,624	16,221	35.9	85.8
Idaho	538,357	178,375	165,217	38,293	37.8	92.6
Kansas	103,083	73,585	71,256	5,252	74.2	96.8
Montana	168,404	45,975	44,134	6,139	29.9	96.0
Nebraska	223,167	104,208	107,475	9,108	52.2	103.1
Nevada	52,279	18,008	14,707	2,179	32.3	81.7
New Mexico	166,935	66,710	74,497	6,679	48.6	111.7
North Dakota	74,798	34,507	38,189	2,306	54.1	110.7
Oklahoma	279,546	128,403	150,542	13,405	58.6	117.2
Oregon	304,790	139,975	129,594	16,085	47.8	92.6
South Dakota	91,856	43,260	37,607	2,561	43.7	86.9
Texas	1,141,825	442,860	521,842	42,237	49.4	117.8
Utah	384,196	118,761	100,677	22,251	32.0	84.8
Washington	232,133	128,769	111,495	10,458	52.5	86.6
Wyoming	369,171	188,653	155,142	21,714	47.9	82.2

1/ Water Facilities loans to individuals and associations. These figures are included in table on Rural Rehabilitation loans, maturities and collections as of June 30, 1945.

(d) Loans and Grants to Farmers, 1945 Flood Damage

Reappropriation in 1946 of 1945 unobligated balance by Public Law 82, approved June 12, 1945	$2,000,000
Budget estimate, 1947	- -
Decrease	-2,000,000

PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Salaries and expenses	$154,842	$150,000	- -	-$150,000
2. Loans	352,358	1,750,000	- -	-1,750,000
3. Grants	18,562	100,000	- -	-100,000
4. Overtime costs ..	29,975	- -	- -	- -
Unobligated balance	10,079,586	- -	- -	- -
Reappropriation in 1946 of 1945 unobligated balance to "Loans, Grants, and Rural Rehabilitation"	198,000	- -	- -	- -
Total available ..	10,833,323	2,000,000	- -	-2,000,000 (1)
Reappropriation in 1946 of 1945 unobligated balance	+2,000,000	-2,000,000	- -	
1944 balance available in 1945	-12,833,323	- -	- -	
Total estimate or appropriation ..	- -	- -	- -	

DECREASE

(1) No estimate is included for the fiscal year 1947 for this item.

THE EMERGENCY PROGRAM

The objective was to provide for the making and servicing of loans and grants to farmers whose property was destroyed or damaged in whole or in part by floods in 1944 and 1945 and windstorms in 1944.

As of June 30, 1945, loans had been approved in the total amount of $2,290,369 for 3,643 victims of these disasters. Of this amount $880,770 had become due and $906,567 had been repaid plus $57,257 in interest. In addition, 94 grants in the total amount of $18,562 had been approved. (See Tables I and II for distribution by state and by purpose for which loans were made.) Additional loans and grants are being made during the current fiscal year to farmers whose property was destroyed or damaged by floods during the calendar year 1945.

This was an emergency program and the authority to make such loans and grants expires June 30, 1946.

(e) Working Fund, Farm Security Administration

This budget schedule covers obligations during the fiscal years 1945 and 1946 under an advance of funds from the Veterans Administration, pursuant to authority in section 601 of the Economy Act of 1932, for expenses in connection with the handling and certifying of applications for guaranty of loans for agricultural purposes under the Servicemen's Readjustment Act of 1944.

(f) Payments in Lieu of Taxes and for Operation and Maintenance of Resettlement Projects (Trust Fund)

This Budget schedule covers trust funds based on Section 3 of the Act of June 29, 1936 (40 U. S. C. 431-434), under which receipts derived from the operation of, and oil and gas leases on, any resettlement project or any rural rehabilitation project for resettlement purposes are covered into the United States Treasury and constitute a special fund, which is available for payments in lieu of taxes to states, political subdivisions, and local taxing units and for any other expenditures for operation and maintenance (including insurance) of such projects. Progress made in the liquidation of such projects is discussed under item "(a) Loans, Grants, and Rural Rehabilitation."

As the project units are sold or otherwise disposed of, the deposits to this fund will be decreased in direct relation to the rate of liquidation. Receipts and obligations hereunder for the fiscal years 1938 through 1945 and estimated for 1946 and 1947 are as follows:

	Receipts	Obligations	Balance
1938	- -	- -	$719,097
1939	$1,497,896	$1,363,136	853,857
1940	2,589,272	1,955,943	1,487,186
1941	2,232,558	2,224,942	1,494,802
1942	2,520,266	2,163,729	1,851,339
1943	1,283,039	1,360,408	1,773,970
1944	1,125,559	1,048,444	1,851,085
1945	1,000,705	1,313,477	1,538,313
1946 (Est.)	400,000	700,000	1,238,313
1947 (Est.)	150,000	267,100	1,121,213

(g) State Rural Rehabilitation Corporation Trust Funds

Under the rural rehabilitation program of the Federal Emergency Relief Administration, providing grants to the states, there was established in a majority of the states (during 1934 and 1935) a State Rural Rehabilitation Corporation to administer the rural rehabilitation program in each state. These corporations, acting through their respective directorates, have entered into individual agreements with the United States Government, whereby their assets and liabilities have been transferred in trust to the Government to be made available for rural rehabilitation purposes within the respective states.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table I

Flood and Windstorm Loans, Collections and Grants
Cumulative as of June 30, 1945 1/

Real Estate Restoration Loans

State	Loan obligation					Collections		
	Original loans		Supplemental loans		Total amount	Principal repayments	Interest payments	Total payments
	Number	Average amount	Number	Average amount				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
U. S. TOTAL	22	$1,904	2	$1,575	$45,030	$4,512	$220	$4,732
Arkansas	2	3,125	1	900	7,150	1,872	95	1,967
Illinois	3	1,500	0	0	4,500	1,450	54	1,504
Indiana	3	3,853	0	0	11,560	424	15	439
Kansas	1	250	0	0	250	0	0	0
Minnesota	1	675	0	0	675	0	0	0
Missouri	7	2,282	1	2,250	18,225	400	9	409
Nebraska	2	585	0	0	1,170	0	0	0
Oklahoma	2	550	0	0	1,100	366	33	399
South Dakota	1	400	0	0	400	0	14	14

Production Restoration Loans and Grants

State	Grant obligations		Loan obligations					Collections		
			Original loans		Supplemental loans					
	Number	Amount	Number	Average amount	Number	Average amount	Total amount	Principal repayments	Interest payments	Total payments
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
U. S. TOTAL	94	$18,562	3,621	$580	356	$408	$2,245,339	$902,055	$57,037	$959,092
Alabama	0	0	1	1,831	0	0	1,831	1,331	0	1,331
Arkansas	0	0	1,129	674	51	217	772,066	373,439	23,091	396,530
Illinois	14	2,905	238	552	82	425	166,251	39,816	3,622	43,438
Indiana	0	0	14	1,154	0	0	16,160	4,559	220	4,779
Kansas	0	0	44	403	0	0	17,715	3,848	296	4,144
Michigan	0	0	5	1,066	0	0	5,330	2,053	173	2,226
Minnesota	50	10,508	379	609	65	461	260,915	38,648	1,922	40,570
Mississippi	0	0	26	274	0	0	7,115	5,832	221	6,053
Missouri	14	1,837	616	534	122	490	388,758	182,416	9,923	192,339
Nebraska	1	400	9	487	0	0	4,386	300	30	330
Ohio	0	0	17	462	0	0	7,856	3,305	232	3,537
Oklahoma	0	0	1,004	479	31	198	486,725	234,995	16,369	251,364
South Dakota	0	0	8	644	0	0	5,153	0	0	0
Texas	15	2,912	126	800	5	690	104,198	11,303	926	12,229
West Virginia	0	0	1	300	0	0	300	150	12	162
Wisconsin	0	0	4	145	0	0	580	60	0	60

1/ Only those states in which Flood and Windstorm Restoration loans and grants have been obligated are included.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table II

Purposes of Flood and Windstorm Loans and Grants
Cumulative as of June 30, 1945 1/

Real Estate Restoration Loans

State	Total loan obligations	Loan obligations with provisions for: Leveling and clearing		Drainage, irrigation and flood control		Major improvements to buildings		Other major improvements		Loan expenses and fees	
		Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
U. S. TOTAL	$ 45,030	10	18.9	14	56.8	17	22.6	4	1.6	2	0.1
Arkansas	7,150	3	58.0	2	27.3	3	11.2	1	3.5	0	0.0
Illinois	4,500	1	22.2	1	22.2	2	55.6	0	0.0	0	0.0
Indiana	11,560	1	1.7	3	98.3	0	0.0	0	0.0	0	0.0
Kansas	250	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
Minnesota	675	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
Missouri	18,225	4	16.0	6	56.3	6	25.6	2	1.8	2	0.3
Nebraska	1,170	0	0.0	1	74.4	1	25.6	0	0.0	0	0.0
Oklahoma	1,100	0	0.0	0	0.0	2	86.4	1	13.6	0	0.0
South Dakota	400	1	62.5	1	25.0	1	12.5	0	0.0	0	0.0

Production Restoration Loans and Grants

State	Grant obligations	Total loan obligations	Loan and grant obligations with provisions for: Feed, seed and/or fertilizer		Machinery and/or equipment		Livestock		Minor improvements		Refinancing		Farm operating expenses		Home operating expenses	
			Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations	Number	Percent of obligations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
U. S. TOTAL	$ 18,562	$ 2,245,339	3,466	37.8	1,047	19.8	1,064	12.1	229	1.6	76	3.2	1,949	17.0	1,692	8.5
Alabama	0	1,831	1	35.5	1	60.1	0	0.0	0	0.0	0	0.0	1	4.4	0	0.0
Arkansas	0	772,066	1,015	32.0	353	20.1	335	8.1	99	2.2	24	3.1	717	22.1	849	12.4
Illinois	2,905	166,251	299	45.3	72	15.3	50	6.2	19	2.1	7	2.8	188	21.3	77	7.0
Indiana	0	16,160	11	38.8	2	22.7	3	9.5	1	2.8	0	0.0	10	24.8	1	1.4
Kansas	0	17,715	44	60.2	10	10.7	12	22.0	1	0.3	0	0.0	10	6.6	2	0.2
Michigan	0	5,330	4	35.5	2	34.5	1	13.1	0	0.0	0	0.0	1	16.9	0	0.0
Minnesota	10,508	260,915	457	56.6	63	6.2	49	4.3	4	1.2	19	9.9	213	18.4	70	3.4
Mississippi	0	7,115	5	3.7	2	2.3	7	16.6	1	1.0	0	0.0	25	36.0	25	40.4
Missouri	1,837	388,758	645	37.4	176	22.8	183	14.3	32	0.8	5	1.0	339	15.2	266	8.5
Nebraska	400	4,386	8	50.5	2	11.9	4	13.7	2	5.1	0	0.0	2	18.8	0	0.0
Ohio	0	7,856	15	70.3	3	4.8	5	23.7	0	0.0	0	0.0	1	1.2	0	0.0
Oklahoma	0	486,725	829	35.1	294	24.6	342	21.3	45	1.0	17	1.9	360	10.5	290	5.6
South Dakota	0	5,153	8	48.8	3	12.5	4	24.6	0	0.0	0	0.0	4	14.1	0	0.0
Texas	2,912	104,198	121	29.1	63	29.2	69	17.0	25	3.1	4	2.6	78	7.0	112	12.0
West Virginia	0	300	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Wisconsin	0	580	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

1/ Only those states in which Flood and Windstorm Restoration loans and grants have been obligated are included.

The assets transferred and all assets subsequently collected on behalf of the corporations have been deposited in special trust fund accounts in the Treasury of the United States and have been administered by the Farm Security Administration on behalf of the Secretary of Agriculture, in accordance with the terms of the transfer agreement. Since the dates of transfer of the assets of each state corporation, the Farm Security Administration has endeavored to convert excess assets of the corporations into cash and to collect as much as reasonably possible on outstanding loans and other accounts receivable. Funds thus made available for rural rehabilitation purposes have been used for the payment of outstanding obligations and for the making of rehabilitation loans and grants to corporation borrowers. The same disposition will be made of funds received during the fiscal year 1947.

During the fiscal year 1945 loans in the amount of $5,636,506 were made to corporation clients. It is estimated that during the fiscal year 1946 loans in the amount of $9,500,000 will be approved, and during the fiscal year 1947 loans totaling $8,000,000 will be made. Collections increased considerably during 1945, but decreases are estimated for the fiscal years 1946 and 1947. The following tabulation reflects receipts and obligations by fiscal years, including estimates for the fiscal years 1946 and 1947:

	Receipts	Obligations	Balance
1938	$10,231,994	- -	$10,231,994
1939	3,725,306	$4,417,869	9,539,431
1940	4,367,383	2,799,540	11,107,274
1941	2,949,461	2,716,741	11,339,994
1942	3,616,022	7,849,698	7,106,318
1943	6,061,269	7,594,907	5,572,680
1944	7,774,089	6,432,886	6,913,883
1945	9,020,187	6,120,279	9,813,791
1946 (Est.)	6,500,000	9,970,000	6,343,791
1947 (Est.)	6,000,000	8,651,910	3,691,881

(h) Drainage District Assessments on Acquired Lands (Trust Fund)

This Budget schedule covers unobligated balances under the trust account established for the deposit of funds received from the vendors of land acquired by the Farm Security Administration, to be held in trust for the payment of drainage taxes assessed against said land, the remainder, if any, to be refunded to the vendor after the last payment has been made.

	Receipts	Obligations	Balance
1940	$22,580	$3,730	$18,850
1941	1,839	- -	20,689
1942	30,350	18,973	32,066
1943	- -	6,993	25,073
1944	- -	- -	25,073
1945	- -	- -	25,073
1946 (Est.)	- -	- -	25,073
1947 (Est.)	- -	- -	25,073

(i) Liquidation of Deposits, Reserve for Maintenance and Repair, Lease and Purchase Agreements (Trust Fund)

This Budget schedule reflects deposits of funds received from purchasers of property as deposits into a reserve fund for maintenance and repair of the property, to be held in trust for the purchaser in accordance with the provision of the lease and purchase agreement. These contracts are being converted under the deed, note and mortgage basis, and these deposits will be refunded following the cancellation of the lease and purchase agreements. Receipts and obligations by fiscal years, including estimates for 1946 and 1947, are as follows:

	Receipts	Obligations	Balance
1941	$9,023	- -	$9,023
1942	5,247	$112	14,158
1943	3,766	- -	17,924
1944	623	1,739	16,808
1945	918	1,498	16,228
1946 (Est.)	100	16,328 1/	- -
1947 (Est.)	- -	- -	- -

1/ Includes $16,006 Transfer to Federal Public Housing Authority.

(j) Liquidation of Deposits, Lease and Purchase Contracts (Trust Fund)

This Budget schedule reflects the deposit into a reserve fund of collections received from purchasers of property as deposits toward the purchase price of the property in accordance with the terms of the lease and purchase agreements. As these contracts are cancelled, these deposits are either refunded or will be transferred and credited to the new obligation incurred under the deed, note and mortgage plan. Receipts and obligations by fiscal years, including estimates for 1946 and 1947 are as follows:

	Receipts	Obligations	Balance
1942	$3,000	$1,325	$1,675
1943	29,000	3,532	27,143
1944	124,454	119,128	32,469
1945	99,934	54,987	77,416
1946 (Est.)	150,000	218,276 2/	9,140
1947 (Est.)	60,000	65,000	4,140

2/ Includes $18,276 Transfer to Federal Public Housing Authority.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS
(1945 and 1946 figures include overtime costs)

Item	Obligations, 1945	Estimated obligations, 1946	Estimated obligations, 1947
Working Fund, Farm Security Administration: Advance from Veterans Administration for expenses in handling and certifying applications for guaranty of loans for agricultural purposes under Servicemen's Readjustment Act	$99,921	$287,079	--
Payments in Lieu of Taxes and for Operation and Maintenance of Resettlement Projects: Trust funds receipts from operations of resettlement and rural rehabilitation projects, which are made available for payments in lieu of taxes to taxing bodies and for operation and maintenance of such projects	1,313,477	700,000	267,100
State Rural Rehabilitation Corporation Funds: Trust funds of State RR Corporations, made available to the Department for rural rehabilitation purposes within the several states, as follows:			
Salaries and expenses	425,407	437,821	640,190
Rural rehabilitation projects	58,366	32,179	11,720
Loans	5,636,506	9,500,000	8,000,000
Total, state corporation funds	6,120,279	9,970,000	8,651,910
Liquidation of Deposits, Reserve for Maintenance and Repairs, Lease and Purchase Contracts: Trust funds received from purchasers of property as a reserve fund to provide for maintenance and repair of such property in accordance with the lease and purchase agreement .	1,498	16,328	--

(Continued on next page)

Item	Obligations, 1945	Estimated obligations, 1946	Estimated obligations, 1947
Liquidation of Deposits, Lease and Purchase Contracts: Trust funds received as deposits toward purchase price of property sold under lease and purchase agreements, available for refund upon conversion of the agreement to a deed or for application against the deed obligation ...	54,987	218,276	65,000
Total, Obligations under Supplemental Funds	7,590,162	11,191,683	8,984,010

PASSENGER-CARRYING VEHICLES

The 1947 estimates contemplate return to Farm Security Administration's pre-war policy of replacing passenger-carrying vehicles when they have been operated 60,000 miles or more since such practice has resulted in higher trade-in allowances and avoidance of high cost for repairs. Based on anticipated usage of our vehicles during the fiscal year 1946, it is estimated that 32 cars or 29.7 percent of the total number in use will have average mileages of over 74,000 miles per car, and the estimates include provision for their replacement at a net cost of $24,000.

Automobiles have been and will continue to be located at strategic points throughout the country where rural travel by Regional Office and field personnel is necessary and where common carrier is not available or practicable. Trips are planned to accomodate more than one traveler at a time and point-to-point travel has been practically eliminated. The number of cars necessary for the Administration's operations has been kept to a minimum.

PENALTY MAIL

Section 2, Public Law 364, 78th Congress
(Allotment to Farm Security Administration)

	1945	1946	1947	Increase (+) or decrease (-), 1947 over 1946
Category 1	$5,100	$5,459	$5,459	- -
Category 2	100,110	126,760	126,760	- -
Total	105,210	132,219	132,219	- -

Category 1 consists of (a) bulletins, pamphlets, and other publications which are used in answering inquiries from individual farmers or other persons as to the nature of the programs carried on by Farm Security Administration and (b) Departmental publications which are used in answering requests for technical information in certain types of farming operations. Mailings of this type average approximately 14 pieces monthly for each of approximately 2,200 offices.

Category 2 consists of billings and other types of mailings to borrowers, daily mailings by each county office transmitting collections to the Treasury, mailings of loan vouchers, dockets, and copies of collection documents, correspondence with vendors in connection with contracts, purchase orders, vouchers, etc., and correspondence between field offices, and between the National Office and field offices.

RURAL ELECTRIFICATION ADMINISTRATION

(a) Salaries and Expenses

Appropriation Act, 1946	$ 3,200,000
Second Deficiency Appropriation Act, 1945 (direct appropriation $650,000; reappropriation of 1945 balance $331,965)	981,965
Anticipated supplemental for additional costs due to Federal Employees Pay Act of 1945	+490,000
Total anticipated available, 1946	4,671,965
Budget estimate, 1947	5,000,000
Change for 1947:	
Overtime decrease.. -55,000	
Increase.....+383,035	+328,035

(b) Loans

Appropriation Act, 1946	80,000,000
Second Deficiency Appropriation Act, 1945	120,000,000
Total available, 1946	200,000,000
Budget estimate, 1947	250,000,000
Increase for 1947	+50,000,000

COMBINED PROJECT STATEMENT

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Project development and allotment activities	$480,436	$1,015,374	$1,015,374	--
2. Construction and technical operating assistance and supervision	449,580	1,135,626	1,435,626	$+300,000 (1)
3. Management supervision and assistance to cooperatives	379,309	602,235	637,235	+35,000 (2)
4. Auditing, loan accounting and collecting .	659,445	983,136	1,013,136	+30,000 (3)
5. Technical standardization	90,846	147,262	156,262	+9,000 (4)
6. Internal administrative services	277,954	422,071	431,106	+9,035 (5)
7. General administration	202,915	311,261	311,261	--
8. Overtime pay	358,360	55,000	--	-55,000

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
Covered into Treasury as miscellaneous receipts, Public Law 529	3,660	--	--	--
Unobligated balance	6,400	--	--	--
Total available	2,908,905	4,671,965	5,000,000	+328,035
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture"	+5,130	--	--	
Reappropriation of 1945 balance in 1946	+331,965	-331,965	--	
Anticipated supplemental	--	-490,000	--	
Total estimate or appropriation, salaries and expenses	3,246,000	3,850,000	5,000,000	
9. Loans (RFC borrowing authorization)	25,000,000*	200,000,000**	250,000,000	+50,000,000 (6)

*Additional estimated obligations of $1,582,184 from prior years' funds.
**Additional estimated obligations of $885,786 from prior years' funds.

GENERAL STATEMENT ON INCREASES

Estimates for the fiscal year 1947 provide a net increase of $328,035 for salaries and expenses, and an increase of $50,000,000 for loans. These funds are required for the expanding program of bringing electricity to rural areas on an area coverage basis. The Congressional authorization of $200,000,000 for loans during the fiscal year 1946 has enabled borrowers to get area coverage plans underway, and the $250,000,000 requested for 1947, if approved, will enable them to accelerate construction activities to bring electric service to the largest possible number of farms as soon as possible. Manpower and materials are becoming increasingly available and construction is proceeding on an expanding schedule. There are still 3,300,000 farms without central station service and the request for 1947 will enable borrowers to meet in part the demands of farmers for this service.

Rural electrification today is generally conceded to be an essential to modern farm living not only because it contributes materially to the health, welfare, and income of individual farm families, but also adds to the economic and social welfare of rural communities in supplying electric power for industries, schools, churches and other rural establishments. Electric service in the farm home means a better standard of living, freedom from drudgery, adequate lighting, and improved sanitation. Electric power provides for more effective and profitable performance of farm operations. The soundness of this conclusion is attested by the fact that during the war electricity enabled thousands of farms in this country

to increase production of food notwithstanding the acute shortage of manpower. Electricity will contribute toward rural industrialization to provide full or part-time employment of farm people. In 1935 when the Rural Electrification Program was initiated, only about one out of every ten farms was receiving the benefits of electricity; today about 45% of the farms are receiving electric service. This increase represents a significant contribution to the welfare of the people of this country and the electrification of the remaining 55% of the farms should proceed as rapidly as circumstances permit.

INCREASES AND DECREASES

(Salaries and Expenses)

The net increase of $328,035 for fiscal year 1947 consists of a decrease of $55,000 for overtime and the following increases:

(1) Project 2. Construction and Technical Operating Assistance and Supervision: An increase of $300,000 is requested to provide for additional personnel to handle the increased volume of work involved in the preparation and approval of engineering plans for area coverage, and to assist borrowers in the construction of electric facilities, and their integration with existing facilities.

This increase is needed to meet the additional volume of work involved in the greatly expanded construction program. The full impact of the relatively heavy allotments in 1946 will be felt by this project in 1947. During 1945 REA borrowers constructed 26,200 miles of line. In 1946 it is estimated that 100,000 miles of line will be constructed. In 1947 it is estimated that there will be constructed 180,000 miles of line, an increase of 80 percent over 1946. In addition, increased technical assistance will be required by borrowers in the preparation of integration studies to correct the serious lack of balance in a large number of systems, that has resulted in poor voltage regulation and in some cases unsatisfactory service. This lack of balance reflects in part the construction during the war years of short extensions under war regulations, and increasing consumption. Other technical operating problems due to the expansion of borrowers' systems will require increasing attention.

Work under this Project: The major activity under this project is to give advice and assistance to borrowers in the design and construction of electric facilities; to approve construction plans and specifications, and to inspect completed construction work to insure conformance to recognized engineering standards. After energization of facilities consulting engineering service to borrowers on major technical phases of operation, such as the addition of industrial power loads and the redesign of circuits, is provided in order to assure continuous adequate service to consumers. These activities are carried on by a staff of engineers and other personnel at headquarters and in the field.

(2) Project 3. Management Supervision and Assistance to Cooperatives: An increase of $35,000 is requested for this project to provide management assistance to new borrowers and assistance to existing borrowers with the operating problems of their growing systems.

This increase is needed because the expanding construction program will result in a greatly increased workload in assisting new borrowers in developing their systems on an efficient operating basis. Borrowers will require assistance in most phases of operations, particularly those related to wholesale and retail rates, sources of power supply, insurance, and general business management.

Work under this Project: REA borrowers, being owners and managers of their systems, have the primary responsibility for the management of their affairs. REA supervision and advisory services have as a direct objective the development as rapidly as possible of strong self- sufficient local cooperatives able to handle their own affairs competently. It is essential to the ultimate success of the program that this guidance and assistance to borrowers (guidance and assistance which they cannot obtain from any other source) be continued until they have progressed sufficiently to assure the effective discharge of their responsibilities to consumers and to the Government.

Management guidance and assistance to borrowers cover many varied activities requiring the service of several types of specialists and technicians. These services are made available to borrowers through field visits, operating memoranda, bulletins, conferences of managers, meetings of cooperative officials and members, and extensive correspondence. The work under this project includes intensive analysis of performance data to determine relative operating efficiencies, establishment of performance and budgetary standards, review and appraisal of operating budgets, analyses of tax, insurance, labor relations, and safety and job training activities, analyses of wholesale and retail rate schedules on contracts, and establishment of efficient managerial procedures.

(3) Project 4. Auditing, Loan Accounting and Collecting: An increase of $30,000 is requested to assure the expeditious handling of an increased volume of advances and expenditure reports resulting from the accelerated construction program.

This increase is needed to provide additional personnel for the processing of a greatly increased volume of requests for advance of loan funds, the keeping of accounts of such advances, and to safeguard Government funds through periodic audits of borrowers' records.

Work under this Project: This activity is carried out by an office staff concerned with supervision, determination of construction budgets, examination and approval of request for advance of construction funds, examination of reports of expenditures of advanced funds, maintenance of records of advances, calculation and recordation of principal and interest billings, and analysis of field audit reports. Field activities are concerned with auditing borrowers' accounts and

records. The work of this activity must be kept current in order that the construction program may proceed without interruption. The acceleration of the construction program is best reflected by the activity of this project. It is anticipated that $110,000,000 will be advanced to borrowers during the fiscal year 1946 and that $240,000,000, an increase of over 125 percent over 1946, will be advanced during the fiscal year 1947.

(4) Project 5. Technical Standardization: An increase of $9,000 is requested to provide for the continuation of studies begun during the fiscal year 1946 concerned with lowering construction costs and improving the reliability of service.

This increase is needed for the intensification of investigations of transformer sizes and existing load demands by tests on operating systems and for tests of equipment used in construction of lines through cooperation of the Bureau of Standards and other testing agencies. It will also be desirable to continue to study the possibilities of underground conductors in order to determine the extent to which this type of construction can be utilized to improve the service of rural systems, particularly to eliminate the cost of damage and interruption of service brought about by lightning.

Work under this Project: The function of this activity is to serve as consultant on technical engineering problems, to plan and direct a program of engineering studies designed to lower costs and improve the reliability of rural power systems, to develop simplified engineering standards relating to equipment and to construction and operating practices. Considerable attention is given to stimulating equipment manufacturers and established research agencies in the development of better equipment especially adapted to the needs of REA borrowers. The limited research and laboratory facilities available for REA's use make it necessary to confine studies to the performance characteristics of certain items of material and equipment used or proposed to be used on REA financed property. The work is performed in cooperation with other Governmental agencies, such as the Agricultural Research Administration of the Department of Agriculture, other research laboratories, and manufacturers.

(5) Project 6. Internal Administrative Services: An increase of $9,035 is requested to handle an increased volume of administrative services made necessary by the increase in the workload and staff of the agency.

This increase is necessary to meet the demand for administrative service activities required by operating units of the agency for the conduct of their work on an efficient and economical basis.

Work under this Project: This activity provides for the staff services of the agency, consisting of procurement and maintenance of equipment, supplies and materials, internal accounting for administrative funds, mail and communication services, duplicating, and files. General stenographic, statistical and mapping services are provided for the use of the operating units. In addition, this project provides for the employment, training and welfare of personnel.

(Loans)

(6) Loan and Purchase of Property: An increase of $50,000,000 is requested for the fiscal year 1947 to provide for the expansion of rural electrification on an area coverage basis necessary to meet the increasing demands of unserved farms for electric power.

The larger and more costly part of the job of electrifying rural America is still to be done. As of June 30, 1945, approximately 3,300,000 of the nation's farms (55 percent) were without electric service. These farms are in the less densely populated areas. There were in addition several million rural non-farm homes, schools, churches, stores, and other rural establishments without the benefits of this modern service.

REA's borrowers are pushing forward with all possible speed toward completion of the total job yet to be done. Many have already determined the size of the ultimate system required to bring electricity to all unserved rural people in their areas and this work is progressing rapidly toward completion by other borrowers. Thus the pattern for finishing the job of rural electrification is beginning to crystalize. That pattern is based on area coverage which REA's ten years of experience demonstrates will result in lower per unit engineering costs and the further economies and speed of mass production. REA borrowers are past the stage of building lines; they are now building systems.

To implement such a program on a nation-wide scale in a manner that will in any degree meet the urgent demands of the unserved farm families, through the most economical construction practices, will require larger amounts of loan funds than have been available to REA. Of absolutely vital importance in the implementation of such a program is the allotment of substantial amounts of funds in advance of the time when such funds will actually be used for construction purposes. At the present time, funds allotted but not yet advanced amount to approximately $200,000,000. Although this is a large amount, it is far short of enough to permit many borrowers to make definite commitments for a construction program of sufficient size to achieve economical construction. The amount requested for 1947 is the minimum that will enable these borrowers to undertake construction on a sufficiently large scale to assure low construction costs.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language for REA items, as follows (deleted matter is bracketed, new language is underscored):

> To enable the Secretary to carry into effect the provisions of the Rural Electrification Act of 1936, approved May 20, 1936, as amended (7 U.S.C. 901-[914]915), as follows:
>
> Salaries and Expenses: For administrative expenses and expenses of studies, investigations, publications, and reports including the salary of the Administrator, Rural Electrification Administration, and other personal services in the District

of Columbia and elsewhere; purchase and exchange of books, lawbooks, books of reference, directories, and periodicals; not to exceed /$300/ $500 for newspapers; purchase (not to exceed $1,500), maintenance, repair, and operation of one passenger automobile in the District of Columbia and elsewhere; and not to exceed $500 for financial and credit reports, /$3,200,000/ $5,000,000.

The first change incorporates in the preamble appropriate code reference for Section 505 of the Department of Agriculture Organic Act of 1944 which authorizes the REA to purchase financial and credit reports.

The second change is merely for the purpose of incorporating in the regular language text above the additional $200 approved for newspaper expenditures for 1946 in the Second Deficiency Appropriation Act, 1945. No increase is proposed for newspaper expenditures in 1947.

The third change proposes new language to authorize the purchase, maintenance and operation of an automobile for use by REA in the District of Columbia and elsewhere. The automobile is required for the transportation of the Administrator, Deputy Administrator, Assistant Administrator, and members of their staff on official business in Washington, D. C. and elsewhere. When REA was headquartered in Washington prior to the war, it had authority to purchase and operate a car in the District of Columbia.

THE LOAN PROGRAM

By June 30, 1945, there had been allotted a net total of $564,968,184 to 926 borrowers, including $40,425,682 of loan funds authorized for the fiscal year 1946, for the construction of an estimated 507,105 miles of rural lines and other facilities. As of the same date the total advance of funds amounted to $427,566,738. There were 1,287,347 consumers receiving electric service from 424,072 miles of line in operation. Tables No. 1 and 2 below show similar statistics for previous years. Of the 926 borrowers of funds from Rural Electrification Administration there were 852 non-profit or cooperative enterprises, 55 public bodies, and 19 private utilities.

The cumulative figures presented in the following tables show the progress in the rural electrification program since its inception in May 1935:

Table 1 - ALLOTMENTS

Date	Total Net Allotments All purposes	Miles to be Constructed (Allotment Estimate)	Consumers to be served (Allotment Estimate)
June 30, 1936.....	$ 13,903,412	13,072	48,997
June 30, 1937.....	58,936,217	54,407	193,529
June 30, 1938.....	88,172,436	80,951	282,802
June 30, 1939.....	227,236,949	209,818	724,999
June 30, 1940.....	268,972,949	251,642	854,828
June 30, 1941.....	369,027,621	356,053	1,171,867
June 30, 1942.....	460,180,345	409,490	1,345,107
June 30, 1943.....	466,881,323	414,287	1,358,114
June 30, 1944.....	498,811,446	448,889	1,438,567
June 30, 1945.....	564,968,184	507,105	1,581,431

Table 2 - CONSTRUCTION

Date	Funds Advanced	Miles Energized	Consumers Connected
June 30, 1936.....	$ 823,262	400	693
June 30, 1937.....	11,864,836	8,000	19,611
June 30, 1938.....	60,040,810	41,736	104,528
June 30, 1939.....	122,337,824	115,230	268,000
June 30, 1940.....	221,287,287	232,978	549,604
June 30, 1941.....	296,395,142	307,769	779,561
June 30, 1942.....	453,616,010	369,129	981,193
June 30, 1943.....	369,152,582	381,747	1,041,821
June 30, 1944.....	387,630,670	397,861	1,152,031
June 30, 1945.....	427,566,738	424,072	1,287,347

On the basis of present operations, the 832 borrower systems in operation are annually distributing over two billion kilowatt hours of electric power for which consumers are paying over 62½ million dollars on an annual basis. The average wholesale rate for electric power purchased by Rural Electrification Administration borrowers has been declining from year to year; from 1.21 cents per KWH in fiscal 1939, 1.09 cents in 1940, 1 cent in 1941, 0.94 cents in 1942, and down to 0.83 cents in 1943; however, the wholesale rate increased to 0.84 cents in 1944.

Trends in operating statistics shown in Table No. 3 indicate that borrowers are progressing toward operating stability. The following table presents median averages for REA-financed systems by age groups, based on the average age of the miles of distribution line comprising the systems. The development of these systems with increased operating experience is illustrated by the trends shown. It will be noted that on the average,

as the systems become older, there is a steady increase in the number of consumers connected per mile of line, the average monthly energy consumption, and revenue per mile; and a decrease in the proportion of consumers paying minimum bills.

OPERATING STATISTICS OF REA-FINANCED SYSTEMS BY AGE GROUPS - MEDIAN AVERAGES
DECEMBER 1944
(Table 3)

Age Class (Months)	Average Age (Months)	Systems Included	Consumers Per Mile	KWH Per Residential Consumer	Percent Minimum Bills	Revenue Per Mile
1 -36.....	30	94	2.44	59	31	9.74
37-48.....	44	183	2.74	66	27	11.04
49-60.....	54	280	2.61	73	24	11.80
61-72.....	65	186	2.97	85	22	14.22
73 & Over..	78	56	3.27	97	16	17.48
All Systems	53	799	2.78	75	24	12.39

The soundness of the rural electrification program is clearly shown by the following record of repayments as of June 30, 1945:

Table 4 - REPAYMENTS BY REA BORROWERS

Item	Interest	Principal	Total
Amount due	$44,701,434	$31,109,337	$75,810,771
Amount repaid	44,338,540	50,250,022	94,588,562
Amount overdue more than 30 days	332,853	120,574	453,427
Advance payments	- -	19,274,184	19,274,184
Number of Borrowers with			
Overdue amounts	80	32	84
Advance payments	- -	680	680

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Project	Obligations, 1945	Estimated obligations, 1946	Estimated obligations, 1947
Cooperation with the American Republics (Transfer from State Department): For expenses of a project involving fellowships in rural electrification..	- -	$25,635	$27,361

Note. - This project is shown in the Department of State chapter of the Budget.

PASSENGER-CARRYING VEHICLE

The estimates provide for the purchase, operation and maintenance of one passenger-carrying vehicle in the District of Columbia and elsewhere. The need for this car is explained under "Changes in language" previously discussed under this item.

PENALTY MAIL
Sec. 2, Public Law 364, 78th Congress
(Allotment to Rural Electrification Administration)

	1945	1946	1947	Increase (+) or Decrease (-), 1947 over 1946
Category 1	$ 5,235	$ 7,700	$ 8,600	+900
Category 2	3,091	5,260	5,800	+540
Total	8,326	12,960	14,400	+1,440

Category 1 consists of the distribution of Rural Electrification News, leaflets, miscellaneous publications, etc., to cooperatives, individuals and organizations as requested and for furnishing data on the rural electrification program.

The increase of $900 for 1947 will be required to cover the cost of mailing data concerning farm appliances and equipment to REA borrowers. Because of the expansion of the loan and construction activities it is anticipated that there will be a substantial increase in the volume of mail relating to farmstead wiring and farm appliances and equipment.

Category 2 consists of billings on loans, operating reports, forms and regulations, correspondence with rural electrification cooperatives and general administrative correspondence and operational mailings necessary to carry on the functions of the Rural Electrification Administration.

The increase of $540 for 1947 is made necessary by the proposed expansion of the rural electrification program for 1947, and the resulting increase in the number of billings, operating reports, correspondence and other necessary mailings which must be provided for.

FARM CREDIT ADMINISTRATION

(a) Salaries and Expenses

Appropriation Act, 1946:			
Direct appropriation		$526,000	
Transfer from "Farmers' crop production and harvesting loans"		+3,845,209	
Amounts chargeable against corporations within Farm Credit Administration structure		+3,001,653	
Anticipated supplemental for additional costs due to the Federal Employees Pay Act of 1945:			
Direct appropriation (additional)	$66,800		
Transfer from unobligated balance under "Farmers' crop production and harvesting loans"	540,000	+606,800	
Total estimated available, 1946			$7,979,662
Budget estimate, 1947:			
Direct appropriation		584,000	
Transfer from "Farmers' crop production and harvesting loans"		+4,569,300	
Amounts chargeable against corporations within Farm Credit Administration structure		+2,806,700	
Total estimated available, 1947			7,960,000
Change for 1947:			
Overtime decrease	-124,351		
Increase	+104,689		-19,662

PROJECT STATEMENT BY SOURCE OF FUNDS

The Farm Credit Administration obtains its administrative expense funds from three principal sources: (a) by direct appropriation, (b) by reappropriation, and (c) by assessment against corporations operating within the Farm Credit Administration structure. The following statement sets forth a comparison of funds received or estimated to be received, by source:

(Continued on next page)

Source	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Direct appropriation ...	$563,498	$585,670	$584,000	-$1,670
2. Reappropriation (by transfer from crop loan funds)	3,846,940	4,311,034	4,569,300	+258,266
3. Amounts chargeable against corporations, banks, etc., within the FCA structure ...	2,421,580	2,958,607	2,806,700	-151,907
4. Overtime pay a/	1,012,237	124,351	- -	-124,351
Total available ..	b/ 7,844,255	c/ 7,979,662	7,960,000	-19,662 (1)

DECREASE

(1) The net decrease of $19,662 in this item for 1947 consists of the $124,351 decrease for overtime, and a net increase of $104,689, composed of:

(a) An increase of $43,660 to replace obsolete and unserviceable equipment:

All equipment for the Administration except that required by the crop loan field offices is held in a common pool and issued upon requisition to the respective divisions as needed. When the equipment is no longer needed, it is returned to the equipment pool. In this way, one piece of equipment may be used by several divisions. The estimate has been prepared on the assumption that the present scarcity of equipment will continue into 1947 and that as a consequence purchases will be restricted to the most urgent requirements; therefore, only typewriters seven years or more of age, one-third of the adding and calculating machines ten years or more of age, and one automobile seven years of age have been included. No replacements have been made in equipment since 1941.

Footnotes.--a/ Overtime distributed as follows: 1945--appropriation $62,823, reappropriation $612,540, assessments $336,874; 1946--appropriation $7,130, reappropriation $74,175, assessments $43,046.

b/ Includes $975 transferred to "Salaries and Expenses, Office of Information"; $938 covered into Treasury as miscellaneous receipts, Public Law 529; and $198,008 unobligated balance.

c/ Includes anticipated additional $311,974 in assessments, $66,800 in direct appropriation, and $540,000 in reappropriation from "Farmers' crop production and harvesting loans", due to the Federal Employees Pay Act of 1945.

(b) An increase of $139,900 for additional crop loan field clerks:

During the earlier years of emergency crop and feed loan work, it was the practice in most counties for either the county itself (from county funds) or local civic organizations to furnish without cost to the Administration, office space, office equipment, and clerical help in the making and collecting of crop and feed loans, such expenditures being regarded as justified on the basis of service to farmers and, therefore, in the interest of the general welfare of the community.

In later years there was a growing tendency to reduce such services, particularly the furnishing of clerical help, and with the beginning of World War II such services were discontinued almost entirely by counties and civic organizations. In many instances this has been the result of court decisions that such expenditures of county funds were not permissible by law and that the county courts had no authority to furnish the Administration with clerical help at the expense of the county. In other instances local organizations could not obtain clerical help at the nominal amounts they had been paying, and they were either unable or unwilling to furnish clerical help at any greater cost. In view of the circumstances cited, it has been increasingly necessary to absorb field clerical expense.

It has been possible to absorb this additional expense by savings on other items, primarily in the replacement of personnel during the war period. As trained personnel left the Administration, either to serve in the armed forces or otherwise, it was extremely difficult to find competent replacement personnel; consequently, activities regarded as essential to good administration of the crop loan program had to be curtailed wherever possible, and it is largely this factor that has made it possible to absorb the field clerical expense.

With respect to the fiscal year 1947, it will not be possible to absorb the difference between the amount budgeted for field clerical expense for the fiscal year 1946, and the amount that will be needed for this purpose in the fiscal year 1947. It will be necessary that the Emergency Crop and Feed Loan Division restore to normal several activities curtailed during the war period by the beginning of the fiscal year 1947, such as verification of accounts, etc.; this will require building personnel to normal budgeted strength and will leave no margin whatever to absorb the additional cost of field clerical expense.

In the fiscal year 1945, the base pay and overtime for field clerical expense amounted to approximately $360,000 for 275 man-year field clerks. The 1947 estimate has been increased to approximately 300 man-year field clerks at an average cost of $25 per week; this is considered the minimum number of clerks required to adequately meet the increased service demand.

(c) An increase of $40,000 to intensify research relating to the effect of postwar adjustments and reconversion on farmers' cooperatives:

A reduction in the staff of the Cooperative Research and Service Division necessitated by war conditions has made it impossible to adequately meet the requests of cooperative associations for research and service assistance. The net result was that help could not be given at all in some cases whereas in others such assistance as could be given fell far short of desirable standards. It seems highly desirable that the reconversion problems and postwar adjustments which are in store for cooperatives be anticipated wherever possible and adequate research instituted immediately as one means of cushioning the adverse effects.

Postwar adjustments and reconversion problems of farmers' cooperatives will be studied. It is proposed to immediately expand the Cotton, Poultry, and Business Administration Sections of the Division. With respect to cotton, the following three projects deserve immediate study: (1) storage of seed cotton at the gin, (2) cooperative seed planting associations, and (3) cooperative marketing of cotton. In the poultry field, the Division has received more requests for research and service help in the past year than ever before; the following projects are particularly urgent: (1) effects of price regulations on egg and poultry cooperatives, and (2) cooperative processing and marketing of broilers and other poultry. Work of the Business Administration Section has been centered on research and service work in connection with income taxation and related organizational problems of the cooperatives. This has necessitated repeated delays in giving attention to a very important but less pressing study, that of cooperative accounting terminology. The demand from cooperatives for work on cooperative management and personnel training is insistent; this work will be initiated as soon as a qualified man becomes available. In the marketing analysis field, where considerable work has been done since 1926, the need for research is growing rather than lessening as cooperatives expand into processing and their marketing problems become increasingly complex. This work should be resumed at the earliest possible date.

(d) An increase of $24,881 for placing on a full year basis in 1947, within-grade salary advancements which are estimated to be in effect for only a part of the fiscal year 1946.

(e) A decrease of $143,752 due to savings and economies in operation. Of this reduction, $97,335 represents salaries (including salaries of personnel heretofore detailed to the White House), and $46,417 represents other expenses. The Farm Credit Administration discontinued for the duration of the war all services and practices not essential to the war effort, and has made a continued effort, to the fullest extent feasible, to delegate its supervisory functions to its district units. Whenever possible, every effort will be made to continue the economies thus effected during the war period.

Detailed statement of sources of funds, 1947:

(a) Estimate of appropriation from general fund of the Treasury		$584,000
(b) Estimated reappropriation from funds previously appropriated for the making and collecting of crop loans pursuant to the Act of January 29, 1937, for administrative expenses in connection with the making and collecting of crop, feed, and drought loans in 1947		4,569,300
(c) Assessments, reimbursements, etc:		
1. From Federal Farm Mortgage Corporation for services and facilities made available by the Farm Credit Administration	$522,291	
2. From assessments for administrative supervision of banks for cooperatives (including reimbursement for administrative expenses from the Central Bank for Cooperatives)	275,790	
3. From assessments for administrative supervision of Federal land banks	718,721	
4. From the Reconstruction Finance Corporation for supervision of regional agricultural credit corporations. These corporations were chartered by the Reconstruction Finance Corporation and were transferred to the Farm Credit Administration by Executive Order on May 27, 1933. Under existing law the Reconstruction Finance Corporation is required to pay the cost of their supervision	35,030	
5. From assessments for administrative supervision of Federal intermediate credit banks	245,712	
6. From assessments for administrative supervision of production credit corporations	251,435	
7. From assessments for examination of institutions administered by the Farm Credit Administration	571,201	
8. From the Regional Agricultural Credit Corporation of Washington, D. C., for services and facilities made available by the Farm Credit Administration	186,520	2,806,700
Total estimated available, salaries and expenses, Farm Credit Administration, 1947 (all sources)		$7,960,000

CHANGES IN LANGUAGE

The estimate includes two proposed changes in the language of this item. These changes propose the deletion of the reference, "Act of September 21, 1944 (Public Law 425)," and in lieu thereof, in accordance with the customary practice, substitute the title and appropriate code citation of the authorizing legislation.

WORK UNDER THIS APPROPRIATION

General Statement: The Farm Credit Administration is for the most part a supervisory and regulatory agency charged with the responsibility of administering and coordinating a national program of agricultural credit pursuant to Executive Order 6084, dated March 27, 1933, and the authority subsequently vested in the Administration. The job of the credit institutions operating under the supervision of the Farm Credit Administration is to provide a dependable source of credit where farmers, ranchers, and their cooperative associations can obtain the credit they need on terms best suited to their individual requirements. In addition to the lending programs under its supervision, the Administration provides research and service facilities to farmers' cooperative associations. There follows a brief description of the functions of the respective institutions, funds, or activities:

1. The Federal land banks and national farm loan associations were established pursuant to the provisions of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360). The 12 Federal land banks, established in 1917, under this authority and in conjunction with national farm loan associations, provide farmers with long-term credit for financing the purchase of land, the erection of buildings, the purchase of machinery and equipment, the liquidation of indebtedness incurred for agricultural purposes or incurred two years prior to date of the application for the loan, and for other agricultural purposes. (See Table 4)

2. The Federal intermediate credit banks were established pursuant to the provisions of the Agricultural Credits Act of 1923, approved March 4, 1923 (42 Stat. 1454). The 12 intermediate credit banks, established in 1923, are agricultural banks of discount and are not authorized to make loans to individuals. The loans and discounts made by the banks must be for agricultural purposes and have a maturity at the time they are made or discounted by the banks of not more than three years. (See Table 5)

3. The production credit corporations and associations were established pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257). The 12 production credit corporations, organized in 1933, were established to organize, to assist in capitalizing, and to supervise the operations of the production credit associations. The associations are composed of farmer-borrowers organized to meet the production credit needs of local agricultural communities by making loans and discounting them with the Federal intermediate credit banks. (See Table 6)

4. The banks for cooperatives were established pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933, (48 Stat. 257). These banks extend credit to cooperative associations of farmers engaged in (1) processing, preparing for market, handling or marketing farm products; (2) purchasing, testing, grading, processing, distributing, or furnishing farm supplies; or (3) furnishing

farm business services. In addition to the 12 district banks for cooperatives, there is a Central Bank for Cooperatives which makes loans to farmers' cooperative associations of national or broad regional scope. The division of lending authority between the Central Bank for Cooperatives and the district banks for cooperatives is prescribed by the Governor of the Farm Credit Administration in such manner as best prevents duplication of effort and secures greatest efficiency in extending benefits to borrowers. (See Table 7)

5. The emergency crop and feed loan activities have been administered pursuant to the provisions of the Acts of January 29, 1937 (50 Stat. 5), and February 4, 1938 (52 Stat. 26), and various prior acts. As a part of its emergency aid to agriculture, Congress has made available funds for emergency loans to farmers for crop production, the purchase of feed for livestock, and for similar purposes. Prior to 1932, such loans were restricted to flood, drought, or storm-stricken areas, but in recent years, with the exception of the 1934 drought relief appropriation, there has been no limitation as to area. (See Table 8)

6. The regional agricultural credit corporations were established pursuant to the provisions of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 713). These corporations were placed in voluntary liquidation in 1934, following the establishment of the production credit system, and by February 1, 1944, had been consolidated into a single corporation, the Regional Agricultural Credit Corporation of Washington, D. C. Effective January 1, 1944, the responsibilities for the lending, collections, and accounting activities of the Corporation in connection with loans authorized by the Secretary of Agriculture pursuant to Section 2 of the Department of Agriculture Appropriation Act of 1944, and subsequent annual agricultural appropriation acts, as well as the liquidation of its food production loans were placed in the regional emergency crop and feed loan offices. Emergency crop and feed loan field supervisors also act as loan representatives for the Regional Agricultural Credit Corporation of Washington, D. C. (See Tables 9, 10, and 11)

7. Joint stock land banks were organized pursuant to the provisions of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360). Joint stock land banks are privately capitalized institutions and are managed by officers who are chosen by boards of directors elected by stockholders. They are subject to the general supervision of, and are examined by, the Farm Credit Administration. The Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 46), provided that after that date no joint stock land bank should issue new tax-exempt bonds or make any farm loans except as might be necessary and incidental to the refinancing of existing loans or bond issues or to the sale of real estate. As of June 30, 1945, there were five joint stock land banks in operation, four in voluntary liquidation, and two in receivership. The Emergency Farm Mortgage Act also established a fund to be administered by the Farm Credit Administration to assist the banks in their liquidation. The fund has now lapsed. (See Table 12)

8. The Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), authorized the establishment of a revolving fund of $500,000,000 for use by the Federal Farm Board in making loans to cooperative associations and to stabilization corporations. The purpose of the fund, as expressed in the Act, was to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products. The supervision and administration of the fund were transferred to the Farm Credit Administration by Executive Order No. 6084, dated March 27, 1933. With the organization of the banks for cooperatives in 1933, the fund was placed in liquidation. (See Table 13)

9. Pursuant to the provisions of the Cooperative Marketing Act of 1926 (44 Stat. 802), the Farm Credit Administration renders services to associations of producers of agricultural products and federations and subsidiaries thereof engaged in the cooperative marketing of agricultural products including processing, warehousing, manufacturing, storage, and the cooperative purchasing of farm supplies, credit, financing, insurance, and other cooperative activities.

This appropriation provides for the general administrative expenses of the Farm Credit Administration in discharging its responsibilities for supervision, coordination, and examination of the banks and corporations named above, the making and collecting of emergency crop, feed, and seed loans, the liquidation of the Agricultural Marketing Revolving Fund, and the extension of services to cooperative associations of agricultural producers. With the exception of the crop loan program which is administered by employees of the Farm Credit Administration, the present agricultural lending program under the supervision of the Farm Credit Administration is carried forward through corporations operating in the 12 farm credit districts into which the continental United States is divided.

Current Program: The Farm Credit Administration, in discharging its statutory responsibility for the supervision, coordination, and administration of the various agricultural lending enterprises within the structure, is continuing to keep its services geared to meet the demands of farmers and ranchmen who need credit to finance the production of the nation's food requirements. In recognition that farm income has risen substantially, farmers are being urged to reduce their indebtedness, buy Victory bonds, and provide reserves for the future out of their increased income. All Federal land banks and production credit corporations have qualified as agents of the Treasury Department for the sale of such bonds to farmers and are utilizing the services and facilities of national farm loan associations and production credit associations in so doing. They are also urging farmers to make provision for payment of income taxes. To combat inflationary trends, farm mortgage credit is being extended on the basis of normal values, and other lenders are being urged to do likewise. Demands for new credit are being met promptly within farm credit policies, and all assistance possible is being given to the financing and attaining of the production goals of agriculture for food and fiber.

Special attention is being given to changing agricultural conditions growing out of the termination of the war, probable changes in the demand for American agricultural products, and the readjustments that may be necessary in the transition of war to peacetime production.

Selected Data on Operations of Agricultural Lending Programs: There follow schedules which reflect the amount of loans made during the last four years, the amount of loans outstanding as of the end of each such year, the gross assets at the end of each such year, and selected comparative data for each of the programs administered or supervised by the Farm Credit Administration. As indicated in the tables, the volume of new long-term mortgage financing in the fiscal year 1945 was somewhat greater than in the preceding year, but remained at a relatively low level, while short-term production financing was only slightly below the high level of the preceding fiscal year. The financing of farmers' cooperatives was slightly less than in the preceding year but remained substantially above the level for any other prior year.

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans made, by fiscal years, 1942 through 1945

Institution	1942	1943	1944	1945
Farm mortgage loans:				
Federal land banks	$62,004,817	$53,756,513	$64,999,163	$80,112,126
Land Bank Commissioner	34,956,322	26,574,787	31,701,354	40,243,955
Joint stock land banks	78,881	3,852	488	14,174
Total	97,040,020	80,335,152	96,701,005	120,370,255
Short-term credit:				
Production credit associations 1/ 2/	461,147,273	502,547,612	502,006,142	500,305,170
Emergency crop loans	20,348,645	18,689,323	18,796,544	16,748,114
Orchard rehabilitation loans	10,605	2,120	4,630	-
Regional agricultural credit corporations 1/	6,597,509	3/ 60,503,950	4/ 25,564,755	5/ 12,608,651
Federal intermediate credit banks (excluding loans to cooperatives) 1/	696,769,661	876,152,952	943,331,447	870,906,775
Total	1,184,873,693	1,457,895,957	1,489,703,518	1,400,568,710
Loans to cooperatives:				
Federal intermediate credit banks 1/	7,652,983	7,801,609	5,001,608	2,737,193
Banks for cooperatives	200,943,418	267,289,848	416,168,106	379,885,224
Agricultural Marketing Act Revolving fund 1/	5,848,100	3,179,100	1,122,000	759,000
Total	214,444,501	278,270,557	422,291,714	383,381,317
Grand total	1,496,358,214	1,816,501,666	2,008,696,237	1,904,320,282

1/ Includes renewals.
2/ Includes data for associations which have been placed in liquidation.
3/ Includes food production loans in the amount of $53,292,370.
4/ Includes food production loans and restricted area loans in the amount of $17,094,514.
5/ Includes food production loans and restricted area loans in the amount of $5,051,703.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans outstanding as of June 30 for specified years

Institution	1942	1943	1944	1945
Farm mortgage loans:				
Federal land banks	$1,705,805,529	$1,489,449,958	$1,245,462,792	$1,061,207,500
Land Bank Commissioner	567,745,303	463,257,083	368,880,901	308,915,338
Joint stock land banks	27,365,970	14,319,859	2,386,288	814,282
Total	2,300,916,802	1,967,026,900	1,616,729,981	1,370,937,120
Short-term credit:				
Production credit associations 1/	247,895,491	256,990,833	268,788,911	266,720,722
Emergency crop loans	130,398,551	123,953,513	118,911,605	111,806,532
Drought relief loans	46,655,030	42,335,735	38,610,215	35,722,528
Orchard rehabilitation loans	10,605	11,825	15,455	11,970
Regional agricultural credit corporations	4,248,546	2/53,754,326	3/ 20,561,079	4/9,521,715
Federal intermediate credit banks (excluding loans to coopera tives)	307,033,553	324,204,416	320,625,910	314,985,521
Total	736,241,776	801,250,648	767,513,175	738,768,988
Loans to cooperatives:				
Federal intermediate credit banks	1,054,005	400,000	400,000	844,065
Banks for cooperatives	101,225,869	101,885,250	143,013,678	134,859,835
Agricultural Marketing Act revolving fund	12,628,301	10,851,956	2,910,627	2,032,526
Total	114,908,175	113,137,206	146,324,305	137,736,426
Grand total	3,152,066,753	2,881,414,754	2,530,567,461	2,247,442,534

1/ Includes data for associations which have been placed in liquidation.
2/ Includes food production loans in the amount of $51,598,392.
3/ Includes food production loans and restricted area loans in the amount of $17,875,771.
4/ Includes food production loans and restricted area loans in the amount of $7,608,838.

FARM CREDIT ADMINISTRATION

Table 3 — Gross assets as of June 30 for specified years

Institution	1942	1943	1944	1945
Farm mortgage credit:				
Federal land banks	$2,235,246,218	$2,065,198,506	$1,830,158,948	$1,368,024,372
Federal Farm Mortgage Corporation	1,407,758,484	1,154,861,167	631,157,926	346,518,150
Total	3,643,004,702	3,220,059,673	2,461,316,874	1,714,542,522
Short-term credit:				
Production credit corporations	126,620,124	127,410,206	123,191,997	121,174,872
Production credit associations	368,168,349	388,078,104	394,043,775	387,998,220
Emergency crop and drought relief loans	196,734,345	193,169,087	180,194,681	165,798,043
Orchard rehabilitation loans	200,000	221,455	19,755	—
Federal intermediate credit banks	389,900,731	382,986,947	376,849,653	366,284,570
Banks for cooperatives	194,110,964	233,877,108	230,639,956	238,319,962
Total	1,275,734,513	1,325,742,907	1,304,939,817	1,279,575,667
Institutions in process of liquidation:				
Regional agricultural credit corporations	22,808,151	65,182,794	63,260,923	17,968,488
Agricultural Marketing Act Revolving fund 1/	261,491,258	261,276,815	184,680,455	184,480,389
Joint stock land banks	82,637,097	55,656,617	15,717,955	9,043,953
Total	366,936,506	382,116,226	263,659,333	211,492,830
Grand total	5,285,675,721	4,927,918,806	4,029,916,024	3,205,611,019

1/ Includes loans to stabilization corporations.

Table 4 - Selected Comparative Data on Federal Land Banks

Item	June 30, 1943	June 30, 1944	June 30, 1945
Gross assets	$2,065,198,506	$1,830,158,948	$1,368,024,372
Loans outstanding:			
Number	522,781	450,433	391,721
Amount	1,489,449,958	1,245,462,792	1,061,207,500
Loans closed during year ended:			
Number	13,866	17,178	21,739
Amount	$53,756,513	$64,999,163	$80,112,126
Repayments of loans during year ended	$256,958,809	$294,522,761	$249,071,721
Loans delinquent:			
Number	47,982	29,128	20,792
Amount	$146,523,870	$87,571,134	$60,533,808
Percent of loans delinquent:			
Number	9.2	6.5	5.3
Amount	9.8	7.0	5.7
Real estate and sheriffs' certificates acquired during the year ended:			
Number	2,476	859	368
Investment	$10,871,391	$3,925,949	$1,582,249
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	8,078	3,700	1,920
Part	527	230	103
Investment	$38,813,943	$16,519,239	$8,746,874
Real estate and sheriffs' certificates on hand:			
Number	5,215	2,345	765
Investment	$25,071,684	$11,268,610	$3,714,266
Bonds outstanding	$1,440,586,200	$1,095,596,300	$685,006,300
Capital stock and surplus paid in -			
United States Government	$263,096,754	$255,227,841	$187,640,233
Capital stock owned by borrowers	$94,777,883	$81,881,426	$71,028,733

Table 5 - Selected Comparative Data on Federal Intermediate Credit Banks

Item	June 30 , 1943	June 30, 1944	June 30, 1945
Gross assets	$382,986,947	$376,849,653	$366,284,570
Loans and discounts outstanding	324,604,416	321,025,910	315,829,586
Loans and discounts made during year ended	883,954,561	948,333,055	873,643,868
Debentures outstanding	291,985,000	285,040,000	265,475,000
Debentures issued during year	423,230,000	439,055,000	395,750,000
Franchise tax	1/ 587,382	2/ 231,011	3/ 305,797
Capital stock (owned by U. S. Government)	60,000,000	60,000,000	60,000,000
Earned surplus	20,811,840	21,504,874	22,422,264
Reserve for contingencies	8,046,000	8,325,000	8,775,000

1/ Represents tax of $465,059 for the calendar year 1942 paid in January 1943, and $122,323 for the 6 months ended June 30, 1943, paid in July 1943.
2/ Represents tax for the fiscal year ended June 30, 1944, paid in July 1944.
3/ Represents tax payable for the fiscal year ended June 30, 1945.

Table 6 – Selected Comparative Data on Production Credit Corporations and Production Credit Associations

Item	June 30, 1943	June 30, 1944	June 30, 1945
Production credit corporations:			
Gross assets	$127,410,206	$123,191,997	$121,174,872
Production credit associations:			
Gross assets	$387,922,255	$394,013,649	$387,983,883
Number of associations	527	517	514
Number of members	337,559	355,153	369,546
Loans made during year ended	$502,546,236	$502,006,142	$500,305,170
Loans outstanding	$256,958,413	$268,775,553	$266,712,538
Stock owned by members (largely class B)	$25,185,644	$28,229,743	$31,232,224
Stock owned by production credit corporations (class A)	$78,779,310	$64,003,085	$55,700,085

Note: Excludes data for associations in liquidation of which there were 6, 5, and 4, respectively, at June 30, 1943, 1944, and 1945.

Table 7 – Selected Comparative Data on Banks for Cooperatives

Item	June 30, 1943	June 30, 1944	June 30, 1945
Gross assets	$233,877,108	$230,639,956	$238,319,962
Number of borrowing cooperatives	1,476	1,328	1,247
Loans and advances made during year ended	$267,289,848	$416,168,106	$379,885,224
Loans outstanding	$101,885,250	$143,013,678	$134,859,018
Notes purchased from cooperatives under CCC contracts to purchase during year ended	$98,874,697	$55,082,392	$27,585,018
Notes purchased from cooperatives under CCC contracts to purchase outstanding	$52,111,379	$19,431,322	$21,979,020
Capital stock or guaranty fund owned by borrowers	$4,929,800	$5,485,700	$5,519,800
Capital stock owned by U. S. Government	$172,000,000	$177,000,000	$178,500,000

Table 8 - Selected Comparative Data on Emergency Crop and Drought Relief Loans 1/

Loans	Loans made		Amount collected (principal)	Percent collected	Net principal adjusted under Public Law 518		Balance outstanding June 30, 1945	
	Number	Amount			Number	Amount	Number	Amount
Emergency crop loans:								
1936 and prior.	2,772,573	$308,557,702	$230,572,285	74.7	13,964	$465,360	775,456	$77,520,057
1937 through 1940.....	727,690	86,746,954	72,540,680	83.6	1,071	28,813	137,145	14,177,461
Crop production and harvesting loans, 1941...	146,740	18,345,912	17,206,952	93.8	132	225	17,818	1,138,735
Crop production and harvesting loans, 1942...	137,696	19,686,696	18,845,273	95.7	65	211	10,335	841,212
Crop production and harvesting loans, 1943...	116,609	18,697,086	17,712,903	94.7	6	448	9,344	983,735
Crop production and harvesting loans, 1944...	98,512	18,439,761	16,104,148	87.3	6	374	14,791	2,335,239
Crop production and harvesting loans, 1945...	75,501	15,182,860	372,767	2.5	-	-	74,362	14,810,093
Total.....	4,075,321	485,656,971	373,355,008	76.9	15,244	495,431	1,039,251	111,806,532
Drought loans, 1934-35.....	300,614	72,008,540	36,148,395	50.2	960	137,617	168,290	35,722,528
Orchard rehabilitation loans, 1942.....	13	17,355	5,385	31.0	-	-	9	11,970
Grand total.....	4,375,948	557,682,866	409,508,788	73.4	16,204	633,048	1,207,550	147,541,030

1/ This data prepared on a calendar (crop) year basis in order to relate collections to loans made. For loan receipts and disbursements on a fiscal year basis see green sheet tabulation.

REGIONAL AGRICULTURAL CREDIT CORPORATIONS

Table 9 - Progress in liquidation of regular loans outstanding since April 30, 1934

Year	Balance outstanding at beginning of period	Net reduction during period		Balance outstanding at end of period
		Amount	Percent of beginning balance	
1934 (May - December)	$144,671,174	$57,569,415	39.8	$87,101,759
1935	87,101,759	43,701,573	50.2	43,400,186
1936	43,400,186	18,112,426	41.7	25,287,760
1937	25,287,760	9,695,942	38.3	15,591,818
1938	15,591,818	4,510,521	28.9	11,081,297
1939	11,081,297	3,076,549	27.8	8,004,748
1940	8,004,748	2,149,656	26.9	5,855,092
1941	5,855,092	3,001,116	51.3	2,853,976
1942 (January - June)	2,853,976	804,144	28.2	2,049,832
1943 (July 1, 1942 to June 30, 1943)	2,049,832	1,521,477	74.2	528,355
1944 (July 1, 1943 to June 30, 1944)	528,355	325,933	61.7	202,422
1945 (July 1, 1944 to June 30, 1945)	202,422	90,671	44.8	111,751

REGIONAL AGRICULTURAL CREDIT CORPORATIONS

Table 10 - Selected comparative data on Wenatchee fruit loans

Item	1942	1943	1944	1945
Loans outstanding, beginning of period....	$1,338,480	$2,198,714	$1,627,579	$2,465,056
Loans made 1/.....	5,572,721	7,058,008	8,431,144	7,550,829
Repayments 1/.....	4,712,487	7,622,344	7,591,570	8,228,006
Charge-offs.....	-	6,799	2,097	-
Loans outstanding, end of period (June 30)	2,198,714	1,627,579	2,465,056	1,787,879

Table 11 - Food production loans and restricted area loans, fiscal year, 1944-45

Item	Food production loans		Restricted area loans
	F-1 loans	F-2 loans	
Loans outstanding, beginning of period..	$10,654,081	$4,193,381	$3,025,550
Loans made 1/.....	1,662,552	2,977	3,386,174
Repayments 1/.....	7,901,071	1,029,615	4,667,047
Charge-offs 2/.....	135,112	102,819	-
Cancelations of special war crop advances.....	-	1,480,213	-
Loans outstanding, end of period.....	4,280,450	1,583,711	1,744,677

1/ Includes renewals.
2/ Includes $77,872 F-1 loans and $79,794 F-2 loans for which assets have been acquired in liquidation thereof.

Table 12 - Selected Comparative Data on Joint Stock Land Banks

(Including banks in receivership)

Item	May 1, 1933	June 30, 1943	June 30, 1944	June 30, 1945
Gross assets	$576,937,505	$55,656,617	$15,717,955	$9,043,953
Number of banks	50	24	15	11
Loans outstanding:				
Number	81,498	3,997	838	260
Amount	$438,758,148	$14,319,859	$2,386,288	$814,282
Loans delinquent	$256,549,398	$1,700,722	$299,401	$24,872
Percent delinquent	58.5	11.9	12.5	3.1
Number of properties held	11,131	1,738	707	399
Real estate, sheriffs' certificates, purchase money mortgages, contracts and real estate notes receivable	$108,630,111	$29,233,294	$11,766,815	$7,299,468
Bonds and notes payable	$501,707,484	$38,871,022	$17,330,803	$8,809,736

Table 13 - Agricultural Marketing Act Revolving Fund
(Progress in liquidation)

Date	Loans outstanding	Balance of assets acquired in liquidation of loans
May 26, 1933	$466,242,668	-
December 31, 1933	334,091,770	$3,464,226
December 31, 1934	146,910,630	299,725
December 31, 1935	115,858,541	606,355
December 31, 1936	121,761,863	594,465
December 31, 1937	98,970,777	9,265,868
December 31, 1938	91,183,004	8,596,988
December 31, 1939	87,207,043	8,073,060
December 31, 1940	1/ 16,461,370	7,707,201
June 30, 1941	15,643,543	6,978,825
June 30, 1942	12,628,301	7,532,134
June 30, 1943	10,851,956	4,914,177
June 30, 1944	2,910,627	2,745,637
June 30, 1945	2,032,526	2,221,145

1/ During the year 1940, loans to stabilization corporations were reported to the Comptroller General of the United States for collection, and therefore have been removed from loans outstanding.

(b) Farmers' Crop Production and Harvesting Loans, Farm Credit Administration

	Fiscal Year 1946	Fiscal Year 1947
Available funds:		
Reappropriations	$11,058,277	$5,336,068
Collections (Pursuant to "Department of Agriculture Appropriation Act, 1946")	16,663,000	18,118,000
Total	27,721,277	23,454,068
Obligations:		
Loans	18,000,000	20,000,000
Transfer to "Salaries and Expenses, Farm Credit Administration"	3,845,209	4,569,300
Estimated additional transfer required for increased costs due to "Federal Employees Pay Act of 1945"	540,000	
Total	22,385,209	24,569,300
Net available	5,336,068	-1,115,232
Deduct estimated funds available for reappropriation in succeeding year	-5,336,068	-3,884,768
Total estimate or appropriation	-	+5,000,000 (1)

INCREASE

(1) An increase of $5,000,000 in loan funds is requested to make available to eligible farmers the credit facilities provided under the Act of January 29, 1937, as amended. The Act of February 4, 1938, authorized the continued making of loans under the Act of January 29, 1937, subject to authorization by Congress for the use of all collections on 1937 and subsequent years' loans including unobligated balances for the making of loans for each fiscal year. When the amount of available collections and unobligated balances is not sufficient to carry out the loan program, it is necessary to supplement the fund by direct appropriation in order to maintain a working balance. An appropriation of $5,000,000 for the fiscal year 1947 is requested based on the present indication that the estimated loans and administrative expenses for the fiscal years 1946 and 1947 will, in total, exceed estimated available funds by $1,115,232 by the end of the latter year as reflected by the foregoing comparative statement.

The estimated loan volume for the fiscal years 1946 and 1947 is somewhat larger than the loan volume during the fiscal year 1945. This

increase is based on a larger average-size loan as well as an anticipated increase in the number of loans to returning veterans who have an agricultural background. The average-size loan has shown an increase each year since 1941 when the average was $125; in 1942 the average increased to $142; in 1943 to $161; in 1944 to $186; and 1945 to $203.

CHANGES IN LANGUAGE

The estimate includes proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Change No.

1 Farmers' crop production and harvesting loans: For loans to farmers under the Act of January 29, 1937 [(12 U.S.C. 1020i-1020n, 1020o)], as amended [by the Acts of February 4, 1938 (Public Resolution 78), June 30, 1939 (Public Law 159), June
2 25, 1940 (12 U.S.C. 1020n-1), July 1, 1941 (Public Law 144), July 22, 1942 (Public Law 674), July 12, 1943 (Public Law
3 129), and June 28, 1944 (Public Law 367)] <u>(12 U.S.C. 1020i-</u>
4 <u>1020n, 1020o), $5,000,000 together with</u> the <u>unobligated</u> balance (exclusive of the amount of such balance made available for "Salaries and expenses, Farm Credit Administration, [1946] <u>1947</u>") of the appropriation "Crop production and harvesting
5 loans" as made in the [First Deficiency Appropriation Act, fiscal year 1937 (Act of February 9, 1937, Public Law 4), and as continued available by the Acts of February 4, 1938 (Public Resolution 78), June 30, 1939 (Public Law 159), June 25, 1940 (12 U.S.C. 1020n-1), July 1, 1941 (Public Law 144), July 22, 1942 (Public Law 674), July 12, 1943 (Public Law 129), and
6 June 28, 1944 (Public Law 367)] <u>Act of May 5, 1945 (Public Law 52)</u>, is hereby made available, together with all collections of principal and interest on loans heretofore or hereafter made under said Act of January 29, 1937 (12 U.S.C. 1020i-1020n, 1020o).

<u>The first and third changes</u> merely alter the position in the text of the reference to the basic authorizing legislation for this item.

<u>The second change</u> deletes specific reference to the Public Resolution and the several appropriation acts which have made farmers' crop production and harvesting loans available each year subsequent to the basic Act of January 29, 1937. This change is proposed for the sole purpose of shortening and simplifying the wording of the item.

<u>The fourth change</u> provides for the direct appropriation of $5,000,000.

<u>The fifth and sixth changes</u> delete the specific references to the Public Resolution and the several appropriation acts which have made farmers' crop production and harvesting loans available each year subsequent to the basic Act of January 29, 1937, and substitutes in lieu thereof a reference to the "Department of Agriculture Appropriation Act, 1946," approved May 5, 1945. These changes are proposed for the sole purpose of shortening and simplifying the wording of the item.

WORK UNDER THIS APPROPRIATION

General Statement: The Emergency Crop and Feed Loan Division is responsible for the making and collection of loans authorized by the Act of January 29, 1937 (50 Stat. 5), as amended by Joint Resolution of February 4, 1938 (52 Stat. 26), as well as the collection of all loans made under preceding Acts of Congress of a similar nature. The loans authorized by this Act are not available under its terms to farmers who can obtain loans for similar purposes from usual commercial or other Farm Credit sources. The loans are limited to crop production purposes and production or purchase of feed for livestock, that is, designed to enable farmers who are unable to obtain credit from other sources to carry on their normal farming operations.

Prior to 1932, loans were limited by Congress to certain areas which had been affected by flood, drought, or other acts of nature, but beginning with 1932 and each subsequent year, with the exception of 1934 drought relief appropriation, the making of crop loans for these purposes, has been authorized on a national basis.

Current Program: The emergency crop and feed loan program, under the Act of January 29, 1937 (50 Stat. 5), provides loans to farmers who are unable to obtain credit from usual commercial or Farm Credit sources. The lending program is being directed to aid in the achievement of the production goals of agriculture for food and fiber and the borrowers are urged to produce sufficient garden products for the subsistence of themselves and their families, as well as forage for the maintenance of livestock which will relieve the pressure on transportation facilities, and for the subsistence necessities which might otherwise be purchased in local markets.

In addition, the current loan program is devoting its attention to collections on outstanding accounts of loans made in 1921 and subsequent years. Farm income has been such that collections on these old loans have been exceedingly satisfactory. However, as heretofore, it is not the policy to force collections when to do so will impose hardship upon the borrowers.

Table 8 included earlier in these explanatory notes, contains a tabulation of selected data on the operations under this program.

(c) Agricultural Marketing Revolving Fund

This budget schedule reflects actual and estimated transactions under the revolving fund established by the Agricultural Marketing Act of June 15, 1929 (46 Stat. 28). Expenditures out of this fund are to cover loans to cooperative associations solely to protect loans previously made to such associations in order to provide for orderly liquidation of the total indebtedness; for the maintenance of property acquired by foreclosure; and for subscriptions to capital stock of the Banks for Cooperatives. Collections of principal and interest, proceeds from the rental or sale of properties acquired under foreclosure proceedings, and reductions in capital stock of banks for cooperatives are likewise shown.

(d) Working Fund, Farm Credit Administration

The Farm Credit Administration has available a working fund advanced by the Veterans Administration for expenses in connection with the handling and certifying of applications for guaranty of loans for agricultural purposes under the "Servicemen's Readjustment Act of 1944." Obligations under this fund were $25,093 in 1945 and $40,907 in 1946. (Note. - The schedule of obligations under this working fund was inadvertently omitted from the regular Budget for 1947.)

PASSENGER-CARRYING VEHICLES

The estimates provide for the purchase of one car at a gross cost of $1,050 (net cost $750, allowing $300 for trade-in) which would, if consummated, replace one of the two cars now operated in Kansas City, Missouri.

Each annual appropriation under this heading, since the Farm Credit Administration was created in 1933, has carried language specifically authorizing its use for the purchase, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles. Of the three motor-propelled passenger-carrying vehicles operated by FCA, two are maintained in Kansas City and one in Washington, D. C. The authorization to purchase and exchange one car in 1947 is requested in order to provide for replacement of one of the over-age cars now in use when such action is required.

PENALTY MAIL
Section 2, Public Law 364, 78th Congress
(Allotment to Farm Credit Administration)

	1945	1946	1947	Increase (+) or decrease (-) - 1947 over 1946
Category 1	$ 2,740	$ 3,400	$ 3,400	- -
Category 2	65,764	81,600	81,600	- -
Total	68,504	85,000	85,000	- -

Category 1 consists of News for Farmers' Cooperatives, a monthly publication containing brief articles regarding various phases of cooperation; bulletins containing technical presentations of results of research for distribution among cooperatives and workers in the field of cooperatives; legal summaries of cases relating to farmers' cooperative associations; circulars on farm mortgage credit, production credit and cooperative credit; and other types of publications necessary for disseminating economic, statistical and historical information regarding the program, organization, and business methods of cooperative associations in the United States and foreign countries as required by the Cooperative Marketing Act (7 U.S.C. 453). All such publications are mailed only upon specific request.

Category 2 consists of general operational and administrative mailing for the Farm Credit Administration in Kansas City, the offices in Washington, D. C., resident examiners, field examination personnel, farm loan registrars and chief reviewing appraisers located in the 12 Farm Credit districts and the 11 Emergency Crop and Feed Loan offices. There are also included mailings incident to the making and collecting of emergency crop and feed loans which involve the mailing of loan applications, notes, mortgages, loan checks, billings, canceled notes for accounts paid in full, releases of crop mortgates and notices to borrowers whose accounts are past due. In addition, the use of mail facilities for obtaining information needed in connection with studies of the economic, legal, financial, social, and other phases of cooperation and the surveys and analyses of accounts and business practices of representative cooperative associations is included under this category.

FEDERAL FARM MORTGAGE CORPORATION

Note.--In view of the lateness of the passage of the Government Corporation Control Act (Public Law 248, 79th Congress), approved December 6, 1945, the regular Budget for 1947 does not include estimates for a budget program or plan of operations for the Federal Farm Mortgage Corporation. Heretofore, the annual Budget and Agricultural Appropriation Bill have included an item specifically limiting the amount to be expended from funds of the Corporation for administrative expenses. The budget program or plan of operations required by the Government Corporation Control Act will be submitted to the Congress in the spring as a supplement to the regular 1947 Budget.

FLOOD CONTROL, DEPARTMENT OF AGRICULTURE

Appropriation Act, 1946	- -
Budget Estimate, 1947 (H. Doc. 422)	$2,100,000
Increase (direct appropriation)	+2,100,000*

*Note.--In addition to the proposed appropriation of $2,100,000, it is anticipated that obligations totaling $3,067,435 (excluding transfers) will be incurred against funds previously transferred from the War Department, which have been in budgetary reserve since July 1, 1943, consisting of $869,000 for preliminary examinations and surveys and $2,198,435 for works of improvement.

PROJECT STATEMENT
(Reflecting available funds)

Project	1945	1946 (estimated)	1947 (estimated)	Increase or decrease
1. Preliminary examinations and surveys	- -	$235,067	$869,000	+$633,933 (1)
2. Works of improvement.	145,043	825,631	4,298,435	+3,472,804 (2)
3. Overtime pay	19,226	4,319	- -	-4,319
Total obligations..	164,269	1,065,017	5,167,435	+4,102,418
Transferred to:				
"Salaries and expenses, Office of Secretary of Agriculture"	- -	a/ - -	11,000	
"Salaries and expenses, Office of Solicitor"	- -	- -	8,000	
1944 balance available in 1945	-4,315,721	- -	- -	
1945 balance available in 1946	+4,151,452	-4,151,452	- -	
1946 balance available in 1947	- -	+3,086,435	-3,086,435	
Total estimate or appropriation	- -	- -	2,100,000	

a/ $5,500 advanced in 1946 by working fund pursuant to Section 601 of the Economy Act of June 30, 1932.

INCREASES

The increase of $4,102,418 in estimated obligations under this item in 1947 as compared with 1946 consists of the $4,319 decrease for overtime, and the following:

(1) An increase of $633,933 under the project "Preliminary examinations and surveys" to complete as many as possible of the flood control surveys which were nearly completed at the time work was suspended in 1943, and

to begin collection of basic hydrologic data during 1947 on a number of watersheds chosen from a selected list of 36 areas on which preliminary examinations indicated a high priority need for surveys.

During the fiscal year 1947, it is proposed to work on the uncompleted surveys, some of which were well towards completion at the time the flood control work of the Department was suspended, looking toward completion of possibly 15 of them by the end of the fiscal year in order that they might be submitted to the Congress for consideration of the watershed improvement programs which may be proposed. On some of the incompleted reports, little or no field work will probably be needed. It is also proposed to begin the collection of basic hydrologic data, during the fiscal year 1947, on a number of watersheds chosen from a selected list of 36 areas on which preliminary examinations have shown high priority need for surveys. The 32 watersheds on which reports are in various stages of completion are as follows:

Boise, Idaho
Cherry Creek, Colorado
Concho, South, Texas)
Concho, North, Texas)
Connecticut, Vermont, and New Hampshire
Fountain Creek, Colorado
Grand Neosho, Missouri, Arkansas, Kansas, and Oklahoma
Gila, Lower, Arizona)
Gila, Upper, Arizona)
Homochitto-Buffalo, Mississippi
Kickapoo, Wisconsin
Little, Texas
Lower Arkansas, Arkansas and Oklahoma
Merrimac, New Hampshire and and Massachusetts
Pecos, New Mexico and Texas
Pee Dee, North Carolina and S.C.
Queen Creek, Arizona
Racoon Creek, Ohio
Rio Chama, New Mexico
Rio Puerco, New Mexico
Roanoke, Virginia and North Carolina
San Gabriel, California
Santa Ana, California
Santa Maria, California
Salt Fork, Oklahoma, and Kansas
Sevier Lake, Utah
Sny, Illinois
Walla Walla, Washington and Oregon
Wasatch Front, Utah
White, Arkansas and Missouri
Whitewater, Minnesota
Youghiogheny, Pennsylvania, Maryland, and West Virginia

The work of the Department will be so organized as to require a minimum number of field parties, with appropriate technicians and specialists in various lines of work employed as needed and assigned in accordance with the problems of specific watersheds. A small staff will be necessary in Washington to review field reports, to assure full and complete coordination of the Department's program with proposed plans of the Corps of Engineers and of other interested Federal Agencies, and to assist in putting the reports in final form for submission to the Congress. The work will be handled by the Forest Service and the Soil Conservation Service working together under the direction of the Secretary's Office.

The survey reports will depict the watersheds and their characteristics; indicate their value for crops, pastures and forests; describe their soils, land uses, erosion conditions and flood history; provide an estimate of flood and related damages; give recommendations for remedial

programs and indicate the expected reductions in flood and related damages; will include monetary estimates of the benefits to be derived from the recommended program and an estimate of the cost of installing remedial measures; and will present other pertinent material.

In view of the backlog of completed preliminary examinations recommending more detailed surveys of certain watersheds, it is not contemplated that further preliminary examination work will be undertaken immediately.

Estimated obligations, 1946 and 1947: The funds needed to complete survey reports on the 32 watersheds and to begin the collection of basic hydrologic data on some additional watersheds are estimated at $1,104,067. Of this amount it is estimated that $235,067 will be used in fiscal year 1946 for work on incompleted surveys. Particular attention will be given to 7 of the above-mentioned watersheds upon which much work has already been done and on which only relatively limited additional work is needed to complete them. These watersheds are:

Boise, Idaho	Pee Dee, North Carolina and South Carolina
Concho, South, Texas)	Queen Creek, Arizona
Concho, North, Texas)	Sevier Lake, Utah
Kickapoo, Wisconsin	

It is anticipated that most of the work on the foregoing 7 watersheds will be completed in the fiscal year 1946. In addition, work will be done on several of the 25 other watersheds listed above. This will result in progress toward the completion of reports on these areas during the fiscal year 1947.

In the fiscal year 1947 it is estimated that $869,000 will be needed. Particular emphasis will be placed on progress on the survey of these 25 areas. As many survey reports as it is possible to complete will be finished and submitted to the Congress. In addition to undertaking work on these surveys, some explanatory work will be done on other watersheds on which preliminary study has revealed that land treatment measures will be effective in reducing damages from floods. This work will involve the collection of certain hydrologic data on streamflow, precipitation intensity, rate of snow melt, etc., which are essential to sound progress. One of the difficulties in earlier surveys arose from the lack of such data covering a period of several years prior to the time the survey was made. By programming such work so as to anticipate needs in advance, more satisfactory results will be obtained. Such work on a modest scale distributed over 20 watersheds approved for survey is expected to cost approximately $100,000 during the fiscal year 1947. The areas to be chosen and the amount of work to be done on each will depend on various factors such as location with reference to other areas where survey work is under way, need, and availability of local residents to maintain gages, etc.

(2) An increase of $3,472,804 under the project "Works of improvement" to accelerate active construction phases on measures for run-off and waterflow retardation and soil erosion prevention in aid of flood control in the eleven watersheds for which operations programs were authorized by the Flood Control Act of 1944.

The Department plans to accelerate, during the fiscal year 1947, active work in the construction phase on measures for run-off and waterflow retardation and soil erosion prevention on watersheds in aid of flood control in the eleven watersheds for which operations programs were authorized by the 1944 Flood Control Act. Work plans are being prepared this year as a basis for such activities. Some construction work on the Los Angeles watershed is being done in the current fiscal year because activities on that area have progressed further than on the others. The watersheds on which this work will be carried out are listed in the attached Table I, which indicates, also, the estimated extent of the work to be done by the Forest Service and the Soil Conservation Service, 2 agencies of the Department responsible for handling the operations program, during the fiscal years 1946 and 1947. The work during the current fiscal year is being financed from funds held in reserve during the war. The work proposed for fiscal year 1947 will be financed in part by $2,198,435 of unobligated funds carried over from 1946 and in part by the $2,100,000 of additional funds requested to be appropriated under this item.

In prosecuting such work, the Department of Agriculture will cooperate closely with appropriate Federal, State, and local agencies. The reports on the various watersheds which have been approved by the Congress outline the broad plans and scope of action that the local situations require. These programs contemplate local participation in the installation and maintenance of various measures and practices on the watersheds such as furnishing money, equipment, materials, labor, or other assistance, and in other ways.

Where private lands are involved, the work will be carried out under appropriate agreements, and, as indicated in the various approved reports, the Department of Agriculture will furnish to the local agencies, organizations and individuals the technical assistance and information needed locally in the formulation of farm, ranch, group or watershed plans; loan, operate, and maintain equipment; provide materials and labor; furnish storage for materials and supplies; and otherwise work with States, counties, districts, organizations, and individuals in cooperatively carrying out the job.

Operations work to be undertaken during the fiscal year 1947 on the 11 authorized watersheds is planned to cost approximately $4,298,435. Detailed information on the estimates for the fiscal year 1947 by watersheds follows:

TABLE I

Estimated Obligations, Fiscal Years 1946 and 1947 Under the Appropriation Flood Control, Department of Agriculture, for the Watershed Operations Program

AREA	FISCAL YEAR 1946			FISCAL YEAR 1947								
				TOTAL			FOREST SERVICE			SOIL CONSERVATION SERVICE		
	Forest Service	Soil Conservation Service	Total	Budget Reserve Funds	Requested Appropriation	Total	Budget Reserve Funds	Requested Appropriation	Total	Budget Reserve Funds	Requested Appropriation	Total
	Budget Reserve Funds											
Buffalo Creek, (New York)	- -	21,200	21,200	37,488	39,912	77,400	10,000	- -	10,000	27,488	39,912	67,400
Potomac, (Pennsylvania, Virginia, Indiana and West Virginia)	13,860	26,350	40,210	112,222	21,056	133,278	98,478	- -	98,478	13,744	21,056	34,800
Coosa, (Georgia and Tennessee)	3,604	27,700	31,304	24,312	26,042	50,354	4,954	- -	4,954	19,358	26,042	45,400
Little Tallahatchie, (Mississippi)	28,240	11,800	40,040	137,373	32,827	170,200	114,000	- -	114,000	23,373	32,827	56,200
Yazoo, (Mississippi)	42,000	35,400	77,400	249,932	168,268	418,200	148,000	- -	148,000	101,932	168,268	270,200
Little Sioux, (Iowa and Minnesota)	- -	84,120	84,120	151,128	200,272	351,400	- -	- -	- -	151,128	200,272	351,400
Middle Colorado, (Texas)	- -	38,500	38,500	61,830	76,870	138,700	- -	- -	- -	61,830	76,870	138,700
Trinity, (Texas)	4,326	95,250	99,576	528,416	923,628	1,452,044	13,444	- -	13,444	514,972	923,628	1,438,600
Washita, (Oklahoma and Texas)	- -	53,700	53,700	186,538	419,662	606,200	- -	- -	- -	186,538	419,662	606,200
Los Angeles, (California)	272,650	27,350	300,000	635,298	179,828	815,126	494,826	160,000	654,826	140,472	19,828	160,300
Santa Ynez, (California)	32,900	11,000	43,900	73,898	11,635	85,533	36,298	- -	36,298	37,600	11,635	49,235
Total	397,580	432,370	829,950	2,198,435	2,100,000	4,298,435	920,000	160,000	1,080,000	1,278,435	1,940,000	3,218,435

Description of works of improvement, by projects:

a. Buffalo Creek Watershed - New York

House Document No. 574, 78th Congress, 2nd Session

Summary of Work Provided for in the Survey Report: Work calls for a general farm land treatment program and control of gullies. Lands on which tillage produces excessive run-off and erosion will be removed from cultivation. Lands to be continued under intensive production of crops and in pasture will be improved by such practices as contour cultivation, contour strip cropping, soil conserving rotations, terraces and intercepting ditches, improved drainage channels, and fencing to protect woodlands and pastures, all of which tend to reduce floods. Submarginal lands which contribute heavily to sedimentation in Buffalo Harbor will be placed under private ownership through purchase by State or local agencies and will be revegetated. Gullies will be controlled and bank slopes stabilized by vegetation or check dams.

Time required to install the entire program ..... 18 years

Division of installation costs as shown in Survey Report:

Federal Government	$ 738,807
State and Local Governments	40,000
Farmers (based on 80% participation)	354,583
Total cost of installation	1,133,390

Total amount of authorized Federal expenditures $739,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that approximately 6,800 acres of farm land will be treated in fiscal year 1947 by land owners and operators with the assistance to be made available. Cooperation will be developed with a local public agency to provide for State or local government acquisition of 16,400 acres of poor land submarginal for agriculture and for the furnishing of Federal assistance in planting a part of the acreage. Field investigations will be undertaken to establish, with the cooperator, the work to be done. A cooperative agreement to cover the work in which the Federal Government will participate will be prepared and executed. Planting will be initiated on the land to be acquired by the local public agency.

Amount estimated to be expended by Department of Agriculture in fiscal year 1947:

Soil Conservation Service	$67,400
Forest Service	10,000
Total amount for fiscal year 1947	77,400

b. Potomac River Watershed - Pa., Va., Md., and W. Va.

House Document No. 269, 78th Congress, 1st Session

Summary of Work Provided for in the Survey Report: The flood control program on the non-forested parts of this watershed will emphasize the retardation of surface run-off and control of erosion through shifts in use of presently cropped and pastured acreages and their subsequent treatment and management, the rebuilding of permanent pasture to forest. Contour cultivation, strip cropping and grassed waterways will have extensive application on lands to remain in crops. The forested area is to be protected from fire and owners of forest land are to be furnished technical assistance in managing their forest lands so they contribute effectively to run-off retardation and erosion control.

Time required to install the entire program ..... 24 years

Division of installation costs as shown in Survey Report:

Federal Government	$ 859,189
State and Local Governments	96,805
Farmers (based on 49% participation)	943,834
Nonfarm Owners (based on 68% participation) .	130,525
Total cost of installation	2,030,353

Total amount of authorized Federal expenditure ... $859,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that approximately 36,800 acres of farm land will be treated in fiscal year 1947 by land owners and operators with the assistance made available. Installation of fire protection facilities required to obtain satisfactory control of fires is to be completed. The States are expected to do the installation job under cooperative agreement. The work is to be financed equally between the Federal Government and the States concerned. It is estimated to include the construction of eight lookout towers with communication systems, about fourteen miles of fire control roads and the purchase of fire trucks and miscellaneous fire fighting equipment. Forest land owners are to be furnished technical assistance in obtaining the reduction of damage to young forest cover by careful logging practices, disposal of logging slash to minimize fire hazard, and preparation of timber operating plans.

Amount estimated to be expended by the Department of Agriculture in fiscal year 1947:

Soil Conservation Service	$34,800
Forest Service	98,478
Total amount for fiscal year 1947	133,278

c. Coosa River Watershed - Georgia and Tennessee

House Document No. 236, 78th Congress, 1st Session

Summary of Work Provided for in the Survey Report: The program to be installed in aid of flood control is one of improved land use and management that includes practices which will conserve soil, increase infiltration capacity, reduce run-off, and improve soil fertility. The principal practices to be insta lled are proper crop rotations including summer and winter crops; strip cropping; perennial hay; water disposal systems including terraces, diversion channels, and drainageways; contour tillage; proper pasture management and improvement; and gully control by structures and vegetative cover. Farm woodlands will be protected against fire and grazing.

Time required to install the entire program ..... 20 years

Division of installation costs as shown in Survey Report:

Federal Government	$1,232,609
State and Local Governments	8,565
Farmers (based on 85% participation)	1,107,857
Total cost of installation	2,349,031

Total amount of authorized Federal expenditure .. $1,233,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that approximately 43,500 acres of farm land will be treated in fiscal year 1947 by land owners and operators with the assistance to be made available. Under cooperative agreement, it is planned that the State will install the necessary forest fire protection improvements, which are estimated to include four fire lookout towers and communication facilities. They will be financed equally by the State and Federal Government.

Amount estimated to be expended by Department of Agriculture in fiscal year 1947:

Soil Conservation Service	$45,400
Forest Service	4,954
Total amount for fiscal year 1947	50,354

d. Little Tallahatchie River and Yazoo River Watersheds - Mississippi

House Document No. 892, 77th Congress, 2nd Session - Little Tallahatchie
House Document No. 564, 78th Congress, 2nd Session - Yazoo

The Little Tallahatchie Watershed is a sub-watershed of the Yazoo Watershed and, for greater economy and efficiency of administration, in operations work, these projects will be handled as one. Separate records will be kept for each because they were separately authorized.

Summary of Work Provided for in the Survey Reports: The work will involve treating cultivable land to conserve soil and water through introduction of improved cropping practices and the construction of terraces and diversion channels; decreasing flood run-off from existing and proposed pasture lands by such measures as contour furrowing, seeding and planting, establishment of erosion control structures; fencing, and general maintenance; controlling erosion in gullies; ditches and along roads with vegetation and simple structures; protecting the area from forest fires; acquisition and reforestation of badly eroded lands by the Federal Government; and assistance to families leaving acquired farms to establish themselves on other farms.

Time required to install the entire programs:

Little Tallahatchie	20 years
Yazoo	20 years

Division of installation costs as shown in Survey Reports:

Little Tallahatchie	
Federal Government	$4,220,805
State and Local Governments	472,080
Farmers (based on 80% participation) ...	1,223,920
Total cost of installation	5,916,805
Total amount of authorized Federal expenditure	4,221,000
Yazoo	
Federal Government	21,721,205
State and Local Governments	1,198,218
Farmers (based on 25-90% participation) ...	2,354,404
Total cost of installation	25,273,827
Total amount of authorized Federal expenditure ...	21,700,000

Work of Improvement Contemplated in the Fiscal Year 1947: In the Little Tallahatchie, in fiscal year 1947, it is estimated that approximately 12,500 acres of farm land will be treated by land owners and operators with assistance to be made available; a part of the proposed forest fire control system will be installed involving three lookout towers with communication facilities and equipment; roadside erosion control will be done on about twenty units of roads; approximately 10,000 acres of submarginal land will be acquired; assistance will be furnished in relocating farm families who leave lands that are purchased.

In the Yazoo Watershed, in fiscal year 1947, it is estimated that about 50,400 acres of farm land will be treated by land owners and operators with assistance to be made available; about 2,000 acres of submarginal land will be purchased; assistance will be provided in relocating farm families who leave lands that are purchased; a tree nursery will be constructed and placed in operation to

provide stock for planting lands requiring reforestation in both the Yazoo and Little Tallahatchie watersheds.

Amount estimated to be expended by Department of Agriculture in Fiscal Year 1947:

Little Tallahatchie:	
Soil Conservation Service	$56,200
Forest Service	114,000
Total amount for Fiscal Year 1947	170,200
Yazoo:	
Soil Conservation Service	270,200
Forest Service	148,000
Total amount for Fiscal Year 1947	418,200

e. Little Sioux River Watershed - Iowa and Minnesota

House Document No. 268, 78th Congress, 1st Session

Summary of Work Provided for in the Survey Report: The work in this watershed emphasizes the building of structures to control major gullies. Earth dams will be constructed across main gullies at strategic locations with numerous flumes and other devices utilized for lowering water into the gully system without causing cutting or erosion. The solution to the water and land problems will be accomplished by integrating the several devices into a unified system based on hydraulic studies and plans for each tributary or sub-watershed that is designed to manage water and reduce flood heights. Treatment of farm lands, the other important phase of the program, will consist of practices and measures to reduce run-off at its source and minimize erosion, including terracing; contour cultivation; small gully control with grassed waterways, sod flumes, diversion dikes, streambank protection, and vegetative cover; and improvement of woodlands and present forest areas through better management, grazing protection, and tree planting.

Time required to install the entire program ..... 15 years

Division of installation costs as shown in Survey Report:

Federal Government	$4,279,524
State and Local Governments	368,410
Farmers (based on 70% participation)	1,259,469
Total cost of installation	5,907,403

Total amount of authorized Federal expenditure $4,280,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that approximately 43,000 acres of farmland will be treated in fiscal year 1947 by land owners and operators with the assistance to be made available. In addition, about 9% of the total number of gully control structures, including drop inlets, flumes and head spillways, will be built.

Amount to be expended by the Department of Agriculture in fiscal year 1947:

Soil Conservation Service $351,400

f. Middle Colorado River Watershed - Texas

House Document No. 270, 78th Congress, 1st Session

Summary of Work Provided for in the Survey Report: The work will involve four major considerations, most important of which in the interest of flood control will be the improvement of range cover accomplished through better management of both pasture and livestock, reduction of approximately 50 percent in number of animal units, supplementary feeding, installation of contour furrows and contour ridges to retard run-off, and construction of stockwater tanks. Severely eroded lands will be converted to pasture and such water conservation measures as contour furrowing, ridging, and listing will be installed. On cultivated land such mechanical measures and improved practices as terracing, crop rotation, contour cultivation, strip cropping, stubble mulching, contour furrows, and ridges will be provided to retard run-off and prevent soil erosion.

Time required to install the entire program ..... 20 years

Division of installation costs as shown in Survey Report:

Federal Government	$2,693,128
Farmers (based on 50% participation)	666,975
Total cost of installation	3,360,103

Total amount of authorized Federal expenditure 2,693,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that approximately 83,800 acres of farm land will be treated in fiscal year 1947 by land owners and operators with the assistance to be made available.

Amount estimated to be expended by the Department of Agriculture in fiscal year 1947:

Soil Conservation Service $138,700

g. Trinity River Watershed - Texas

House Document No. 708, 77th Congress, 2nd Session

Summary of Work Provided for in the Survey Report: The work will involve conversion of land to the use for which it is best suited from the standpoint of good land use and flood control, improvements in cropping systems to conserve water and prevent soil erosion, installation of mechanical structures to control gullies and manage waterflow, and protection of the forested areas from fire. Lands so severely eroded that they are unfit for the support of farm families and must be retired, at least temporarily, from further agricultural use will be acquired by the Federal Government and treated to reduce run-off and soil erosion. They will be revegetated and grazed according to their ability to support livestock and contribute effectively to flood control. The treatment of farm lands will consist of improved soil and water conservation measures and practices on cultivated lands, pasture and meadow lands, range lands, and farm woodlands.

Time required to install the entire program ..... 15 years

Division of installation costs as shown in Survey Report:

Federal Government	$31,841,824
State and Local Governments	9,000
Farmers (based on 37 - 80% participation)	13,783,904
Total cost of installation	45,634,728

Total amount of authorized Federal expenditure $32,000,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that, in fiscal year 1947, approximately 198,500 acres of farm land will be treated by land owners and operators with the assistance made available; and the fire control system will be installed. It is estimated to consist of 7 fire look-out towers and related communication facilities.

Amount estimated to be expended by the Department of Agriculture in Fiscal Year 1947:

Soil Conservation Service	$1,438,600
Forest Service	13,444
Total amount for fiscal year 1947	1,452,044

h. Washita River Watershed - Oklahoma and Texas

House Document No. 275, 78th Congress, 1st Session

Summary of Work Provided for in the Survey Report: The flood control program in this watershed will consist of applying the following general land and water treatment measures and practices:

(1) Cultivated lands
Crop rotations, cover crops, strip cropping, terraces, diversion terraces, contour cultivation and shelter-belts.

(2) Farm land retired from cultivation
Revegetation, mechanical controls including contour furrows and gully control.

(3) Pasture and range lands
Proper stocking and rotation of grazing, and mechanical measures including terracing and contour furrowing.

(4) Farm woodlands
Proper management of woodlands, including planting, fire protection, grazing control, and good cutting practices.

The program also involves the purchase and treatment of sub-marginal land and assisting farm families leaving acquired farms to reestablish themselves on other farms. Approximately 328,000 acres of land are to be purchased and stabilized by revegetation and other measures where necessary.

Time required to install the entire program ..... 15 years

Division of installation costs as shown in Survey Report:

Federal Government	$10,928,611
Farmers (based on 55.7% - 59% participation)..	3,169,633
Total cost of installation	14,098,244

Total amount of authorized Federal expenditure, including $314,250 for operation and maintenance of the public land purchase and treatment program during the 15-year installation period $11,243,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that approximately 212,000 acres of farm land will be treated in fiscal year 1947 by land owners and operators with the assistance to be made available. It is not intended to purchase any land during the fiscal year 1947.

Amount estimated to be expended by the Department of Agriculture in fiscal year 1947:

Soil Conservation Service $606,200

i. Los Angeles River Watershed - California

House Document No. 426, 77th Congress, 1st Session

Summary of Work Provided for in the Survey Reports: The work consists of two broad phases, one dealing with the agricultural area

and the other with the mountain area. The agricultural area improvements and treatments comprise:

(1) Correct tillage methods, contour ridging and ditching, terracing, basin listing, and improvement of irrigation practices to control silt movement and retard run-off;

(2) Improvements to land by use of green manure and cover crops, pasture and range management, tree planting and woodland management, and retirement of land from cultivation;

(3) Minor construction works on individual properties such as terraces, terrace outlets, various kinds of check dams and flumes, bank revetments, and diversion channels;

(4) Community-type construction to control large gullies and correct drainage systems; and

(5) Debris basins and channels to protect agricultural land from flood and debris flows.

The mountain area improvements include installation of structures in stream channels to control flood debris; stabilization of road slopes; revegetation of denuded areas; and intensification of the existing fire control system to hold burn-overs of potential flood source areas to a minimum.

Time required to install the entire program ..... 10 years

Division of installation costs as shown in Survey Report:

Federal Government	$8,379,635
State and Local Governments	1,884,775
Farmers (based on 77% participation)	1,151,759
Total cost of installation	11,416,169

Total amount of authorized Federal expenditure $8,380,000

Works of Improvement Contemplated in the Fiscal Year 1947: An over-all agreement has been entered into with the local public cooperators. Supplemental agreements to cover specific jobs will be consummated with agencies as work is to be undertaken. In fiscal year 1947 approximately 10,000 acres in the agricultural area will be treated by land owners and operators with assistance to be made available. About 5 percent of the mountain stream channel control work will be done; some 20% of the cooperative road bank stabilization work with the State of California will be accomplished; about 20% of a cooperative fire control project with Los Angeles County will be undertaken; eight miles of fire control roads will be constructed; about 27 miles of right-of-way for additional fire control roads will be cleared; about 15% of

proposed erosion control measures on national forest roads will be installed; 30% of the proposed extension of the fire control communication system will be built; about 5% of miscellaneous fire fighting equipment proposed for purchase will be acquired; about 5% of the revegetation program will be accomplished.

Amount estimated to be expended by Department of Agriculture in Fiscal year 1947:

Soil Conservation Service	$160,300
Forest Service	654,826
Total amount for fiscal year 1947	815,126

j. Santa Ynez River Watershed - California

House Document No. 518, 78th Congress, 2nd Session

Summary of Work Provided for in the Survey Report: The work consists of farm land treatment including changes in rotation, general cultural practices, and retirement of eroding cropland to grazing use; construction of terraces, head-cut controls, check dams, diversion dams, and grassed waterways; clearing of debris from channels, construction of new channels, and the sloping and planting of gully banks; protection of the forest lands from fire; and acquisition of 2,000 acres of high fire hazard land within the national forest.

Time required to install the entire program ..... 10 years

Division of installation costs as shown in Survey Report:

Federal Government	$434,360
State and Local Governments	13,442
Total cost of installation	447,802

Total amount of authorized Federal expenditure $434,000

Works of Improvement Contemplated in the Fiscal Year 1947: It is estimated that in fiscal year 1947 approximately 2,000 acres of farm land will be treated by land owners and operators with the assistance to be made available; and some 25 miles of fire control tractor-ways and 5 miles of fire-breaks will be constructed.

Amount estimated to be expended by the Department of Agriculture in Fiscal Year 1947:

Soil Conservation Service	$49,235
Forest Service	36,298
Total amount for fiscal year 1947	85,533

CHANGE IN LANGUAGE

The estimates propose the insertion of the following (new) language for this item:

> Flood control: For expenses necessary to enable the Secretary to perform works of improvement authorized by section 13 of the act of Dec. 22, 1944 (Public Law 534), including personal services in the District of Columbia; $2,100,000, to be immediately available and to remain available until expended, which sum shall be merged with the unexpended balances of funds heretofore transferred to the Department from the appropriation "Flood Control, General", Corps of Engineers, War Department, for the purposes of the Flood Control Act of June 22, 1936, as amended (33 U.S.C. ch 15).

Appropriations for Flood Control have not heretofore been carried in the Agricultural Appropriation Act. Therefore, the above language is proposed to cover the estimate of $2,100,000 discussed herein.

WORK UNDER THIS APPROPRIATION

General: The Flood Control Act of 1936 gave recognition to destructive floods as a menace to the national welfare; to the need for investigations and improvements of the watersheds of rivers and other waterways in the interest of the general welfare; and to the need for the Federal Government to improve or participate in the improvement of such watersheds for flood control purposes. It provided that Federal investigations of watersheds and measures for run-off and waterflow retardation and soil erosion prevention on watersheds would be under the direction of and prosecuted by the Secretary of Agriculture. It and later amendatory and supplementary acts authorized the examination and survey of the watersheds of a large number of rivers and waterways.

The Act recognized that, in conducting a watershed treatment program on any watershed or sub-watershed in the interest of flood control, the Secretary of Agriculture might find it necessary to utilize certain land treatment and water control measures of the kinds applied on a national basis under other programs but which, for flood control purposes, would be carefully correlated and combined with other needed measures and intensively applied on a watershed or sub-watershed basis to attain specific waterflow and run-off retardation and erosion prevention objectives. It, accordingly, provided that the authority conferred by the Act and any funds appropriated pursuant thereto would be supplemental to all other authority and appropriations relating to the Department of Agriculture and that the Act should not be construed to limit or retard the Department in carrying out similar and related activities previously or later authorized or to limit the exercise of powers conferred on the Department by other provisions of law in carrying out similar and related activities.

Objective: Pursuant to the Flood Control Act of 1936, as amended, to carry out the responsibilities of the Department of Agriculture in conducting authorized investigations and surveys of designated watersheds and in applying measures and in constructing works of improvement for run-off and waterflow retardation and soil erosion prevention in the interest of flood control.

The Problem and its Significance: Accelerated and excessive run-off from watersheds of streams results in floods and erosion causing loss of life and human suffering; impairment of soil productivity; damage to improvements, crops, livestock, and equipment; loss of fertile soil and of usable water resources; siltation of reservoirs, channels, and ditches; and impairment and obstruction of highways, railroads, navigation, and other channels of commerce.

A reduction in flood damage can be obtained by watershed treatment. Such treatment includes the wise use of land and measures to bring this about, the care and protection of natural vegetation, revegetation of denuded areas, control of fire and grazing, use of proper forest cutting and logging practices, wise husbandry of the soil, proper

selection of crops, and the use of crop rotations, the use of supplemental engineering devices, and the application of other measures and practices to forests, pastures, and croplands. Work of the Department has demonstrated that such treatment will result in returns both to the public as a whole and to the landowner. Examinations and surveys of authorized areas, looking toward such watershed treatment work, were started by the Department in 1936 and continued until 1943 when they were suspended because of the war.

Plan of Work: As of July 1, 1943, when flood control activities of the Department were shut down due to the war, "preliminary examinations" had been completed on 154 watersheds. Of these, 76 had been placed in a high priority group for further study, and of this group 44 watersheds had been selected for the next step, the "detailed survey". Surveys on 32 watersheds were in various stages of completion. Eighteen detailed surveys had been completed. The Flood Control Act of December 22, 1944, authorized programs of improvement on 11 of these watersheds.

The Department of Agriculture has, this year, resumed its activities relating to flood control. In carrying out its responsibilities under flood control legislation, to provide maximum benefits to agriculture, industry, and commerce, and to the people of the United States, the Department expects eventually to come abreast of complementary work in the stream channels by the Corps of Engineers of the War Department.

In the conduct of their work, it is expected that the Departments of War and Agriculture will continue to integrate their examinations and surveys under the flood control acts as they have done in the past and so achieve a maximum of coordination in both planning and action. Integration will also continue to be obtained with other agencies, Federal, State, and local.

CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS

This item covers claims of $103,110.10 involving the Department of Agriculture during the fiscal year 1945 which were approved by the Congress in various deficiency and supplemental appropriation acts. They may be classificed as follows:

(1) Property Damage Claims--$11,445.10 for damages to or loss of privately owned property caused by officers or employees of the Government acting within the scope of their official duties. Such claims are submitted to the Congress as authorized by the Act of December 28, 1922 (31 U.S.C. 215), an Act which provides a method for the settlement of claims not exceeding $1,000 in any one case against the Federal Government.

(2) Judgments, United States Courts--$276.23 for the payment of the final judgments, including costs of suits, which have been rendered under the provisions of the Act of March 3, 1887, entitled "An Act to provide for the bringing of suits against the Government of the United States", as amended by section 297 of the Act of March 3, 1911 (28 U.S.C. 761-765), and which have been certified to the Congress.

(3) Judgments, United States Court of Claims--$3,575.40 for payment of the judgments rendered by the Court of Claims and reported to Congress as authorized by Act of March 3, 1911 (28 U.S.C. 254-257), as amended.

(4) Audited Claims--$87,813.37 for the payment of claims which the General Accounting Office has certified to be due from unexpended balances of appropriations which have been carried to the surplus fund of the Treasury under the provisions of Section 5 of the Act of June 20, 1874 (31 U.S.C. 713).

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

Obligations of the Department under this trust account are as follows:

1945	$278,071
1946 (estimated)	146,306
1947 (estimated)	100,000

This item covers obligations under funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized principally by the Act of July 24, 1919 (5 U.S.C. 67, 563). These funds are deposited in the Treasury of the United States and made available to the Department for expenditures under applicable cooperative agreements. The amounts for 1946 and 1947 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts will be in any year.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

California State Department of Natural Resources, Division of Forestry California State Department of Agriculture University of California (together with certain western cooperatives)	For white pine blister rust control work in the State of California
State Departments of Agriculture, State Extension Services, and certain local farm organizations, in Massachusetts, Rhode Island, Connecticut, Maine, Vermont, and New Hampshire	For assisting in the financing of radio market reports to these States
Rio Farms, Inc., Texas	For research on citrus products
California Desert grapefruit Industry Board, California and Arizona	For cooperative research on grapefruit
Newton County Indiana Farmers' Association	For drainage work

RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS

This trust account has been established to refund to farmers or other individuals, etc., any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387). Funds for the purchases of these reproductions are deposited into the Treasury and when the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The obligations for such refunds are as follows:

1945	$950
1946 (estimated)	1,143
1947 (estimated)	1,100

UNCLAIMED MONEYS OF INDIVIDUALS

This account was established under authority of the Permanent Appropriation Repeal Act, approved June 26, 1934 (31 U.S.C. 725s), to provide for refunding small sums representing excess repayments (of less than one dollar) on Farm Security loans. Such amounts are covered into this trust fund and held until claims are made therefor by the borrowers. Refunds from this account in 1945 totaled $4; for each of the fiscal years 1946 and 1947, they are estimated at $100.

GENERAL PROVISIONS

Section 2: This section continues unchanged certain restrictive provisions relating to loan activities of the Regional Agricultural Credit Corporations. However, the words "of Agriculture" are proposed for deletion at two places in the section, such words being unnecessary in view of the general reference language continued in the appropriation paragraph for Salaries and Expenses, Office of the Secretary, as follows: "Department of Agriculture, hereafter in this Act referred to as the Department * * *".

Section 3: Except for the minor change explained below, this section continues unchanged the provisions relating to the purchase, operation, and maintenance of passenger-carrying vehicles for the Department, including a specific maximum limit on the number of such vehicles which the Department as a whole may purchase or otherwise acquire in 1947 for its activities for which appropriations are made in the annual agricultural appropriation act.

In the last proviso of section 3, relating to use of funds available during the current fiscal year to the Agricultural Adjustment Agency for the maintenance and operation of one passenger-carrying vehicle in the District of Columbia, it is proposed, in view of the consolidation of the Agricultural Adjustment Agency into the Field Service Branch, Production and Marketing Administration, to delete the reference "Agricultural Adjustment Agency" and to substitute therefor a reference to the appropriation, "Conservation and use of agricultural land resources", from which the costs of maintaining, repairing, and operating the car are paid.

Section 4: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens. The language is the same as that carried in the 1946 Agricultural Appropriation Act.

Section 5: This section continues the restriction, carried generally in annual appropriation acts, against the employment of persons who advocate, or who are members of an organization that advocates, the overthrow of the Government of the United States.